Company Registration No. 00470173

ASSOCIATED INTERNATIONAL CEMENT LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2020

ASSOCIATED INTERNATIONAL CEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Simon Crossley
Laurent Jaques
Justine Dwyer

INDEPENDENT AUDITOR

Mazars LLP
Chartered Accountants & Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

REGISTERED OFFICE

Park Lodge
London Road
Dorking
Surrey
RH4 1TH
United Kingdom

STRATEGIC REPORT

The directors present their Strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment in overseas companies.

FUTURE DEVELOPMENTS

The Company continued its business as an investment holding company and will continue to seek suitable investment opportunities throughout the world.

BUSINESS REVIEW

The Company is an indirect wholly owned subsidiary of Holcim AG and is the shareholder of Holcim group's investments overseas. The Company's profit before tax is derived mainly from dividends from its subsidiaries in Nigeria.

The company made a profit after tax of £27,796k (2019: £4,320k).

The company received dividends in the year amounted to £9,350k from its Nigerian subsidiary Lafarge Africa PLC and also received a final liquidation divided of USD 99.7k including adjusting a liability worth of £20,574k with Lafarge Associated Nigeria Limited, therefore the total dividends were £29,924k for 2020.

No final dividend was proposed for the year ended 31 December 2020 (2019: £nil).

Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal assets are investments in overseas companies. Any impairment arising on these is recognised based on comparisons to value in use of these undertakings. The value of the investments is determined through the ultimate parent on an annual basis at the end of each financial year and the values impaired where applicable.

Credit Risk

The Company's principal financial assets are its intercompany receivables. The Company has no significant concentration of credit risk.

Liquidity risk

In order to maintain liquidity, the Company's funding requirements are under constant review and maintain short term balances with a fellow group company, Holcim Participations (UK) Limited.

Currency Risk

The Company performs all its hedging requirements through the ultimate parent, Holcim AG.

Brexit Risk

The Company has carefully considered the impact of Brexit on its operations and it has been determined that the main risk surrounds balances in foreign currencies. The company ensures that at all times it holds minimal balances in foreign currency. The Company only purchases foreign currency when it has a firm commitment. All foreign currencies are bought and sold through the ultimate parent.

The Directors of the businesses and Group have reviewed these potential impacts. The Company is not a trading entity and has no significant operations within Europe so to some extent the impact of Brexit on the Group is expected to be minimul.

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement

Section 172 reporting requirement as an opportunity to explain how dialogue with stakeholders has informed and helped shape its decisions and our Directors have ensured compliance with their duties under the new guideline.

As a subsidiary holding Company within the wider Holcim Group, the directors consider the impact of the Company's activities on its shareholders and its subsidiaries that have an active interest in and are affected by the performance of the Company's investments and financial instruments. The Directors continuously monitor the Company's performance considering its purpose and objective and regularly report and consult with its stakeholders on a wide range of matters, both financial and non-financial, with the aim of maximising investment returns for the benefit of its shareholders. The Company is dedicated to upholding Group policies and to maintaining the highest level of business conduct and governance.

1. INVESTORS

Continued access to capital is of vital importance to the long-term success of our business. Through our engagement activities, we strive to obtain our parent company's – Holcim AG - buy-in into our strategic objectives and how we go about executing on them. We are seeking to maintain a transparent relationship that is based on the long term holding in the company.

2. WORKFORCE

The Company's Directors are regarded as group employees and paid by fellow group undertaking, Lafarge Building Materials Limited. The Company had no employees during the year or in the previous year.

3. CLIENTS AND CUSTOMERS

As a holding company that primarily holds overseas investments and inter-company loans, the Company is not an operating entity and has limited transactions with third party clients and customers. Our main stakeholders are the Group's subsidiaries that have an active interest in the performance of the Company and its investments. The Company regularly engages with its key stakeholders in order to review and align its performance and long term strategies with those set out by the wider Holcim Group.

4. SUPPLIERS

The Company's main third party suppliers are its appointed statutory auditors, with whom a high degree of transparency and communication is maintained in order to observe the Company's adherence to all relevant financial accounting and reporting requirements.

5. ENVIRONMENT

The Company's primary responsibilities are holding overseas investments and inter-company loans. As such, its impact on the environment and the wider society is minimal.

6. PRINCIPAL DECISIONS MADE

The principal board decisions approved during the year were made in line with the short and long term strategic goals and objectives of both the Company and the ultimate parent company, Holcim AG.

Dividends paid

More information on issued dividends for the year 2020 is provided in the Directors' Report on page 5.

Impact from COVID-19

Due to the COVID-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Company's control, including a prolonged spread of the pandemic, government measures affecting the Group's operations and customers' behaviours. These factors led to a high degree of uncertainty on the estimates and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under the circumstances. The estimates and assumptions, notably those relating to assets impairments, expected credit loss of trade receivables and income tax computation have been based on the available information at the end of December 2020

GOING CONCERN

The directors have considered the going concern in preparing these financial statements. The directors do not consider that this presents a material risk to the Company regarding the availability of cash balances to continue operations under the normal course of business.

The directors expect the operations of the Company to continue to remain the same for the foreseeable future and there will be no impact of Covid-19. Since the balance sheet date, there have been no events with a material impact that require disclosure, other than those already disclosed in the accounts. Furthermore, the Company operates with a net current asset position of £183,938k, which is considered sufficient in order to continue to pay off any liabilities or provisions as they fall due for a period of at least twelve months from the date of approval of the financial statements. Therefore the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

DocuSigned by:
Justine Dwyer
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Justine Dwyer
Director

30 July 2021

ASSOCIATED INTERNATIONAL CEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. The financial risk management policies are referred to in the Strategic report under principal risks and uncertainties and the future developments, post balance sheet events and going concern referred to in the Strategic report also form part of Directors' report by cross-reference.

DIRECTORS

The directors who held office throughout the year and up to the date of this report, except where otherwise stated, were:

Simon Crossley
Laurent Jaques
Howard Moller (resigned 29 April 2020)
Justine Dwyer . (appointed 29 April 2020)

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019 - £nil).

POST BALANCE SHEET EVENTS

There were no material disclosable or adjusting events between 31 December 2020 and the date of signing these financial statements.

DIRECTORS' INDEMNITY

The Articles of Association of the Company contain a qualifying third party indemnity in favour of all of the directors of the Company that, subject to law, indemnifies the directors from the assets of the Company against any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

The qualifying third party indemnity provisions were for the benefits of its Directors of the Company and the Directors in its subsidiaries and were in place through out the year and remain in force at the date of this report.

AUDITOR

Each person who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

ASSOCIATED INTERNATIONAL CEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Compancomy and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved and authorised for issue by the board of Directors and signed on its behalf by:

DocuSigned by:
Justine Dwyer
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Justine Dwyer
Director
30 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INTERNATIONAL CEMENT LIMITED

Opinion

We have audited the financial statements of Associated International Cement Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity, the related notes 1 to 15, 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 of Associated International Cement Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INTERNATIONAL CEMENT LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

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 identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INTERNATIONAL CEMENT LIMITED (CONTINUED)

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our 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.

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 the audit report

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

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

30 July 2021

ASSOCIATED INTERNATIONAL CEMENT LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Administrative expense		-	-
OPERATING LOSS	4	-	-
(Loss) / gain on exchange	4	(2,299)	796
Impairment on investments	7	-	-
Impairment on amounts due from subsidiary undertakings		-	-
Income from shares in group undertakings	8	29,924	8,720
Loss on disposal	4	-	(5,715)
Other expense		(8)	(228)
Finance income	5	179	747
PROFIT BEFORE TAXATION		27,796	4,320
Tax on profit	6	-	-
Comprehensive income for the year being total of profit and other comprehensive income		27,796	4,320

All transactions derive from continuing activities

BALANCE SHEET
As at 31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	7	165,426	165,426
CURRENT ASSETS			
Debtors: Amounts falling due within one year	9	185,728	2,079
Cash at bank and in hand	10	-	176,681
		185,728	178,760
CREDITORS: amounts falling due within one year	11	(1,790)	(22,618)
NET CURRENT ASSETS		183,938	156,142
NET ASSETS BEING TOTAL ASSETS LESS CURRENT LIABILITIES		349,364	321,568
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Share premium account		-	-
Profit and loss account		349,364	321,568
SHAREHOLDERS' FUNDS		349,364	321,568

The financial statements of Associated International Cement Limited, registered number 00470173, were approved by the board of directors and authorised for issue on 30 July 2021.

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Justine Dwyer
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Justine Dwyer
Director

ASSOCIATED INTERNATIONAL CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2020

	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2019		-	-	617,248	617,248
Dividend		-	-	(300,000)	(300,000)
Profit for the financial year and total comprehensive income		-	-	4,320	4,320
At 31 December 2019		-	-	321,568	321,568
Profit for the financial year and total comprehensive income		-	-	27,796	27,796
At 31 December 2020		-	-	349,364	349,364

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. GENERAL INFORMATION

Associated International Cement Limited (the Company) is a private company limited by shares incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group financial statements of Holcim AG. The group financial statements of Holcim AG are available to the public and can be obtained as set out in note 15.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, impairment of assets, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, financial instruments, related party transactions and remuneration of key management personnel.

Where relevant, equivalent disclosures have been given in the group financial statements of Holcim AG. The group financial statements of Holcim AG are available to the public and can be obtained as set out in note 15.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

Going concern

The directors have considered the going concern in preparing these financial statements. After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Also refer to the Strategic report on page 2.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

At each balance sheet date the directors review the carrying amount of its investments to determine whether there is any indication that the investment suffered an impairment loss. Such indicators includes among others; the subsidiary generating losses and doubts over the going concern. If such indication exist, the recoverable amount is estimated to determine the extent of the impairment loss (if any).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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 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.

Dividends

Dividends from associated undertakings and other investments are included when received, and if declared in respect of their accounting periods ending on or before the Company's year end and are legally binding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks.

Financial instruments

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

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 amortisation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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 obligations.

Impairment of financial assets

The Company revised its impairment methodology under IFRS 9, defining 2 types of financial assets subject to IFRS 9's expected credit loss model. For trade receivables, the Company applies the simplified approach providing for expected credit losses using the lifetime expected loss provision for trade receivables. 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 Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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 collateralised 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Derecognition of financial assets* (continued)**

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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group'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.

Derivative financial instruments and hedge accounting

The Company has not entered into derivative financial instruments during the years 2020 and 2019.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The company has no estimation uncertainty.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investments in subsidiaries

Determining whether the Company's investment in subsidiaries have been impaired is based on comparing the current investment cost to the higher of its value in use and its fair market value less costs to sell. The net asset value of the business is taken to be the fair value of the business and is the recoverable amount of the investment. If there is an indication of impairment, it is provided for in full.

In the current and previous year, determining whether the Company's investment in associates have been impaired was based on comparing the current investment carrying value to the net asset value of the entity. The net asset value is based on the entity's current financial statements as this was deemed a more relevant method of valuation.

4. PROFIT BEFORE TAX

The Company had no employees during the year (2019: £nil).

No director received any remuneration from the Company (2019: £nil). They are regarded as group employees and paid by fellow group undertaking, Lafarge Building Materials Limited.

The auditor's remuneration for these financial statements for the current year is £4k (2019: £7.3k) was borne by fellow group subsidiary, Lafarge Building Materials Limited. There were no non-audit fees for the year.

The loss in foreign exchange of £2,241k during 2020 was mainly driven through the dividends in Nigerian currency from Lafarge Africa PLC.

5. FINANCE INCOME

	2020 £'000	2019 £'000
Interest receivable and similar income	190	826
Bank interest	(11)	(79)
	179	747

The loan arrangements with Lafarge Mineral Limited was ended in August 2020 and no interest has been charged after August 2020. Also, the libor rate was very low in 2020 as compared to 2019, therefore these were the key reasons of reducing the finance income for 2020.

5. FINANCE INCOME (CONTINUED)

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure relating to the Company's financial assets at variable rate on a post hedge basis as at December 31st. A 1 (one) percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31st, a 1 (one) percentage point increase in interest rates, with all other assumptions held constant, would result in approximately £1,764,644 of annual additional financial income before tax on a post hedge basis. As in previous year, this is mainly attributable to the interest rate impact on capital market debt being offset by the impact on cash and cash equivalents and financial assets.

6. TAX ON PROFIT

(a) Tax on profit

	2020 £'000	2019 £'000
Current tax		
Corporation tax	-	-
Total current tax	-	-

(b) Factors affecting current tax charge for the year

The tax charge for the period differs from the standard rate of corporation tax in the UK: 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	27,796	4,320
Tax on profit at standard rate	5,281	821
Effects of:		
Non-deductable items	2	1,129
Non-taxable income	(5,701)	(1,657)
Chargeable gains	749	-
Group relief not paid for	(331)	(293)
Total amount of tax	-	-

(c) Factors that may affect the future tax charge

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 Bill 2021, published on 11 March 2021, stated that the corporate tax rate will increase to 25% by 1 April 2023. Finance Bill 2021 was not substantively enacted by the balance sheet date. Accordingly, deferred tax balances as at 31 December 2020 are calculated at the current rate of 19% (prior year 17%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

7. INVESTMENTS HELD AS FIXED ASSETS

Investments held in the ordinary share capital are:

	Shares in subsidiary undertaking £'000	Total £'000
Cost		
At 1 January 2020	232,849	232,849
At 31 December 2020	232,849	232,849
Impairments		
At 1 January 2020	(67,423)	(67,423)
Impairments	-	-
At 31 December 2020	(67,423)	(67,423)
Net book value		
At 31 December 2020	165,426	165,426
At 31 December 2019	165,426	165,426

An analysis of the above between listed and unlisted investments is as follows:

	2020 £'000	2019 £'000
Listed investments	165,426	165,426
	165,426	165,426

The market value of listed investments is as follows:

	2020 £'000	2019 £'000
Listed on stock exchanges other than UK as at 31 December 2020	182,324	149,584

ASSOCIATED INTERNATIONAL CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2020

7. INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

The below details of principal group undertakings, which all are listed in the stock market.

Name	Address	Nature of business	Country of incorporation and operation	Share of equity held beneficially by the Company
Lafarge Cement Zimbabwe Limited (++)	Manresa Works, Arcturus Road, Harare Zimbabwe	Cement	Zimbabwe	76.4%
Lafarge Africa PLC (++)	27 Gerrard Road, Ikoyi, Lagos, Nigeria	Cement	Nigeria	+* 83.81%
Ashakacem PLC	Ashaka Works, Near Gombe, Gombe State, Nigeria	Cement	Nigeria	**58.6%
East African Portland Cement Limited (++)	L R 337/113/1 Namanga Road, Off Namanga Road, P.O. Box 40101-00100, Nairobi, Kenya	Cement	Kenya	14.6%

*denotes 29.78% held directly by the Company
**denotes companies held directly by Lafarge Africa PLC
+denotes companies held partly direct and indirectly
++ denotes companies listed on the stock exchnage

8. DIVIDENDS

The company received dividends in the year amounted to £9,350k from its Nigerian subsidiary Lafarge Africa PLC and also received a final liquidation divided of USD 99.7k including adjusting a liability worth of £20,574k with Lafarge Associated Nigeria Limited. The total dividends were £29,924k for 2020.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed by fellow group undertakings	176,654	206
Loans owed by subsidiary companies	5,033	1,873
Dividends receivable from subsidiary companies	4,041	-
	185,728	2,079

The cash balance of the Company has been swept to Holcim Participation (UK) Limited, a fellow group subsidiary and has increased receivable from the fellow group undertaking by £176m at the end of the year.

All amounts are repayable on demand. £190k included in amount owed by fellow group indertaking is accrued interest and the loans owed by subsidiary companies are unsecured and non interest bearing.

10. CASH AT BANK AND IN HAND

The cash balance of the Company has been swept to Holcim Participation (UK) Limited, a fellow group subsidiary and resulted increased in an inter company receivable in 2020 and nil cash balance at the end of the year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to fellow group undertakings	1,790	22,618

Amounts owed to fellow group undertakings are repayable on demand.

During 2020 Lafarge Associated Nigeria Limited was liquidated. Proceeds from the liquidation were used by the company to settle a £20,574k liability with Lafarge Associated Nigeria Limited.

The amount owed to fellow group undertaking of £1,576k (2019; £22,462k) repayable on demand, and an amout due to a third party of £214k (2019: £156k)

12. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Authorised, called up, issued and fully paid		
562,003,700 (2019: 562,003,700) Ordinary shares of £0.00000000177935 each	-	-

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

13. POST BALANCE SHEET EVENTS

There were no material disclosable or adjusting events between 31 December 2020 and the date of signing these financial statements.

14. RELATED PARTY DISCLOSURES

Balances held with related parties comprise of:

	2020 £000	2019 £000
Balances held under cash pooling arrangement with Lafarge Minerals Limited	(1,573)	176,681
Amounts owed by fellow group undertakings	176,654	206
Loans owed by subsidiary companies	5,092	1,873
Dividend received from subsidiary Lafarge Africa PLC	9,350	-
Amounts owed to fellow group undertakings	(217)	(22,618)

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Holcim AG, a company registered in Switzerland, is the smallest and largest undertaking to consolidate the financial statements of the Company. Holcim AG is regarded by the directors as being the Company's ultimate parent company and controlling entity.

The immediate parent company is Blue Circle International Holdings BV, a company registered and incorporated in the Netherlands. Since 20 May 2019, the immediate parent undertaking is Lafarge International Holdings Limited, a company registered and incorporated in the United Kingdom.

Copies of the group financial statements of Holcim AG having its registered office at Zurcherstrasse 156, CH-8645 Jona, Switzerland may be obtained from the Investor Relations Department, investor.relations@Holcim.com, or from www.Holcim.com/presentation-results.