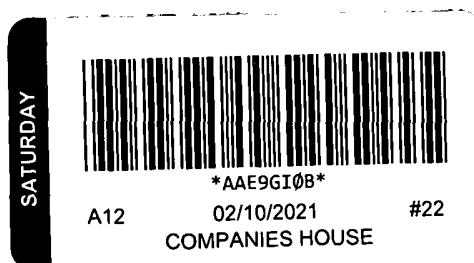


# Tarmac Industrial Products Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



## **Tarmac Industrial Products Limited**

### **Contents**

|                                          |          |
|------------------------------------------|----------|
| Directors' Report                        | 1 to 2   |
| Statement of Directors' Responsibilities | 3        |
| Independent Auditor's Report             | 4 to 6   |
| Profit and Loss Account                  | 7        |
| Statement of Comprehensive Income        | 8        |
| Balance Sheet                            | 9        |
| Statement of Changes in Equity           | 10       |
| Notes to the Financial Statements        | 11 to 18 |

## **Tarmac Industrial Products Limited**

### **Directors' Report for the Year Ended 31 December 2020**

The Directors present their annual report and the financial statements of Tarmac Industrial Products Limited (the "Company") for the year ended 31 December 2020.

The Company is a wholly owned indirect subsidiary of Tarmac Holdings Limited. Tarmac Holdings Limited is part of the CRH Group. Tarmac Holdings Limited and its subsidiaries are referred to throughout as Tarmac, and CRH plc and its subsidiaries are referred to as the Group.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006, which also provides exemption from the preparation of a Strategic Report.

#### **Directors of the Company**

The Directors, who held office during the year and to the date of this report, except where otherwise stated, were as follows:

Tarmac Directors (UK) Limited

M Choules (resigned 9 April 2021)

The following director was appointed after the year end:

R Wood (appointed 9 April 2021)

#### **Principal activity**

The principal activity of the Company is that of an investment holding company.

During the year the Company wrote off its investments in two subsidiary companies and received dividends from those companies prior to their liquidation.

#### **Dividends**

The Company did not pay any dividends in the year (2019: £nil).

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: £nil).

#### **Political donations**

The Company did not make any political donations in the year (2019: £nil).

#### **Charitable donations**

The Company did not make any charitable donations in the year (2019: £nil).

#### **Going concern**

The Directors have considered going concern in preparing these financial statements.

During the COVID-19 pandemic management continue to review the market and will take all necessary actions to ensure the business' long-term success. Detailed forecasts including the Company are prepared on a Tarmac Group basis for a period of at least 12 months from the date of approval of these financial statements. The Tarmac Group as a whole is profitable and cash-generative. These forecasts show that there is sufficient cash headroom in each individual month across the period, allowing the Tarmac companies to continue to operate with significant cash headroom whilst meeting daily cash flow requirements over this period.

Given that these forecasts are not prepared by statutory entity, and should the need arise, a signed letter of support, confirming ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc, for which forward looking plans have also been prepared to reflect severe but plausible downside scenarios. Even considering plausible downside scenarios as a result of COVID-19, there are sufficient funds to allow the Company to continue in operational existence for the foreseeable future.

Taking account of the detailed forecast of the Tarmac group of companies and having received confirmation of ongoing support of CRH plc for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## **Tarmac Industrial Products Limited**

### **Directors' Report for the Year Ended 31 December 2020 (continued)**

#### **Post balance sheet events**

The Directors have considered the continued COVID-19 pandemic and national lockdowns within the UK during the early part of 2021 and determined that, based on recent trading of the Tarmac sub-group and continuation of activities in the construction sector through the recent lockdowns, the pandemic is not expected to have a significant impact on the Company's business. Specifically, the third national lockdown commencing January 2021 is a non adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2020 financial statements.

The Directors continue to monitor the situation constantly and will take any necessary actions to minimise the possible impacts of COVID-19. The Company's ultimate parent, CRH plc, continues to be in a strong financial position to navigate the economic impact of the current situation and will continue to provide ongoing support through a signed letter of support over the liabilities of the Company.

There remains a level of uncertainty around the short-term impact of future outbreaks of COVID-19, however it is hoped any restrictions implemented will be localised and that construction activity can continue with mitigating measures in place, as such the impact should be less disruptive to the Company when compared with the restrictions that took place in the prior year.

#### **Directors indemnities**

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from 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).

#### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Auditors**

During the year Ernst & Young LLP resigned as the Company's Auditor and Deloitte LLP were appointed in their place.

Deloitte LLP have indicated their willingness to be reappointed as auditor. Deloitte LLP will be proposed for reappointment in accordance with Section 489 of the Companies Act 2006.

30-Sep-2021

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:

*Richard Wood*

2EB0C8E82EFA489::.....

R Wood

Director

## **Tarmac Industrial Products Limited**

### **Statement of Directors' Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **Independent Auditor's Report to the Members of Tarmac Industrial Products Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Tarmac Industrial Products 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 result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 13.

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

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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.

## **Independent Auditor's Report to the Members of Tarmac Industrial Products Limited (continued)**

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

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

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

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

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

## **Independent Auditor's Report to the Members of Tarmac Industrial Products Limited (continued)**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

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

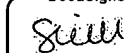
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

#### **Use of our report**

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

DocuSigned by:



9022E048482G4DF.....

Sukhpal Kaur Gill ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

30-Sep-2021

Date:.....

**Tarmac Industrial Products Limited****Profit and Loss Account for the Year Ended 31 December 2020**

|                                          | Note | 2020<br>£ | 2019<br>£   |
|------------------------------------------|------|-----------|-------------|
| Other operating income                   | 7    | -         | 2,392,045   |
| Operating profit                         |      | -         | 2,392,045   |
| Income from shares in group undertakings | 3    | -         | 1,570,231   |
| Fixed asset investment impairment        |      | -         | (2,851,329) |
| Loss on disposal of subsidiaries         |      | (3)       | -           |
| Profit before tax                        |      | -         | 1,110,947   |
| Tax on profit                            | 6    | -         | -           |
| Profit for the year                      |      | -         | 1,110,947   |

The above results were derived from continuing operations.

# **Tarmac Industrial Products Limited**

## **Statement of Comprehensive Income for the Year Ended 31 December 2020**

|                                  | <b>2020</b>     | <b>2019</b>             |
|----------------------------------|-----------------|-------------------------|
|                                  | <b>£</b>        | <b>£</b>                |
| Profit for the year              | -               | 1,110,947               |
| Other comprehensive income       | <u>-</u>        | <u>-</u>                |
| Total comprehensive for the year | <u><u>-</u></u> | <u><u>1,110,947</u></u> |

**Tarmac Industrial Products Limited**

**(Registration number: 00558320)**  
**Balance Sheet as at 31 December 2020**

|                                                       |             | <b>31 December<br/>2020</b> | <b>Restated<br/>31 December<br/>2019</b> |
|-------------------------------------------------------|-------------|-----------------------------|------------------------------------------|
|                                                       | <b>Note</b> | <b>£</b>                    | <b>£</b>                                 |
| <b>Fixed assets</b>                                   |             |                             |                                          |
| Investments                                           | 7           | 1,446,346                   | 1,446,349                                |
| Loans to group undertakings                           | 8           | <u>13,775,801</u>           | <u>13,775,801</u>                        |
|                                                       |             | 15,222,147                  | 15,222,150                               |
| <b>Creditors: Amounts falling due within one year</b> | 9           | <u>(34,954,552)</u>         | <u>(34,954,555)</u>                      |
| <b>Net liabilities</b>                                |             | <u>(19,732,405)</u>         | <u>(19,732,405)</u>                      |
| <b>Capital and reserves</b>                           |             |                             |                                          |
| Called up share capital                               | 10          | 100,000,000                 | 100,000,000                              |
| Profit and loss account                               | 11          | <u>(119,732,405)</u>        | <u>(119,732,405)</u>                     |
| <b>Shareholders' deficit</b>                          |             | <u>(19,732,405)</u>         | <u>(19,732,405)</u>                      |

Prior year comparative information has been restated as a result of a presentational adjustment as described in note 8.

30-Sep-2021

Approved by the Board and authorised for issue on ..... They were signed on its behalf by:

DocuSigned by:

*Richard Wood*

2EB0C8E62EFA489.....

R Wood  
Director

The notes on pages 11 to 18 form an integral part of these financial statements.

**Tarmac Industrial Products Limited****Statement of Changes in Equity for the Year Ended 31 December 2020**

|                            | <b>Share<br/>capital<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total<br/>£</b>  |
|----------------------------|--------------------------------|------------------------------------------|---------------------|
| At 1 January 2019          | 100,000,000                    | (120,843,352)                            | (20,843,352)        |
| Profit for the year        | -                              | 1,110,947                                | 1,110,947           |
| Total comprehensive income | -                              | 1,110,947                                | 1,110,947           |
| At 31 December 2019        | <u>100,000,000</u>             | <u>(119,732,405)</u>                     | <u>(19,732,405)</u> |

|                            | <b>Share<br/>capital<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total<br/>£</b>  |
|----------------------------|--------------------------------|------------------------------------------|---------------------|
| At 1 January 2020          | 100,000,000                    | (119,732,405)                            | (19,732,405)        |
| Profit for the year        | -                              | -                                        | -                   |
| Total comprehensive income | -                              | -                                        | -                   |
| At 31 December 2020        | <u>100,000,000</u>             | <u>(119,732,405)</u>                     | <u>(19,732,405)</u> |

## **Tarmac Industrial Products Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales, operating under the Companies Act 2006.

The address of its registered office is:

Portland House  
Bickenhill Lane  
Solihull  
Birmingham  
B37 7BQ

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. The financial statements are prepared on the historical cost basis.

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

##### **Going concern**

The Directors have considered going concern in preparing these financial statements.

During the COVID-19 pandemic management continue to review the market and will take all necessary actions to ensure the business' long-term success. Detailed forecasts including the Company are prepared on a Tarmac Group basis for a period of at least 12 months from the date of approval of these financial statements. The Tarmac Group as a whole is profitable and cash-generative. These forecasts show that there is sufficient cash headroom in each individual month across the period, allowing the Tarmac companies to continue to operate with significant cash headroom whilst meeting daily cash flow requirements over this period.

Given that these forecasts are not prepared by statutory entity, and should the need arise, a signed letter of support, confirming ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc, for which forward looking plans have also been prepared to reflect severe but plausible downside scenarios. Even considering plausible downside scenarios as a result of COVID-19, there are sufficient funds to allow the Company to continue in operational existence for the foreseeable future.

Taking account of the detailed forecast of the Tarmac group of companies and having received confirmation of ongoing support of CRH plc for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## **Tarmac Industrial Products Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions**

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under s400 of the Companies Act, because it is included in the group financial statements of CRH plc.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard including:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures 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.

Where required, equivalent disclosures are given in the group accounts of CRH plc. The group accounts of CRH plc are available to the public and can be obtained as set out in note 12.

##### **Changes in accounting policy**

###### **New standards, interpretations and amendments effective**

The following have been applied for the first time from 1 January 2020 and did not have a material effect on the financial statements:

- IFRS 3 Business Combinations - Definition of a business
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 - Definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform

The following standard amendment was issued in May 2020 effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted:

- Amendments to IFRS 16 Leases - COVID-19-Related Rent Concessions. The amendment was adopted effective 1 January 2020 and did not result in a material impact on the Company's results.

##### **Revenue recognition**

###### **Dividend revenue**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

## **Tarmac Industrial Products Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Tax**

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

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 recognised 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### **Investments**

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

##### **Financial instruments**

###### **Classification and measurement**

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

Financial assets and financial liabilities are initially measured at fair value.

##### **Financial assets**

The Company's classes of financial assets are cash and other financial assets, and these are classified as 'loans and receivables'.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## Tarmac Industrial Products Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### **Financial liabilities**

The Company has financial liabilities that are classified as 'other financial liabilities', and these relate to borrowings from fellow subsidiary companies and trade and other payables.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### **Derecognition**

###### *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.

###### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### **Impairment of financial assets**

###### *Financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### 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. 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 Directors believe that the following accounting policies are critical due to the degree of estimation required and / or the potential material impact they may have on the Company's financial position and performance.

The following is an area of judgement:

## Tarmac Industrial Products Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Impairment of investments

At each reporting date the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets require impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment required (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. Any impairment loss is recognized by writing down the asset to its recoverable amount.

The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Other key estimates include growth rates and assumptions around cost management. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments reflect management's best assumptions and estimates, but these items involve inherent uncertainties described above, many of which are not under management's control. These inherent uncertainties include assumptions around future developments arising due to the COVID-19 pandemic and the expected pace and extent of recovery in certain markets. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

#### 4 Staff costs

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

The emoluments of the Directors are paid by another group company as their services to the Company are incidental to their services provided to other group companies.

#### 5 Auditors' remuneration

Auditor's remuneration of £900 (2019: £1,000) for the auditing of the financial statements is borne by a fellow group company. There were no non-audit services provided in either year.

#### 6 Tax on profit

The corporation tax charge for the year was £nil (2019: £nil).

The differences between the total tax for the year and the amount calculated by applying the standard rate of UK corporation tax of 19% (2019: 19%) to the profit before tax are as follows:

|                                  | 2020<br>£ | 2019<br>£ |
|----------------------------------|-----------|-----------|
| Profit before tax                | -         | 1,110,947 |
| Corporation tax at standard rate | -         | 211,080   |
| Income not taxable               | (1)       | (298,344) |
| Expenses not deductible          | 1         | 87,264    |
| Total tax charge/(credit)        | -         | -         |

## Tarmac Industrial Products Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 6 Tax on profit (continued)

Group relief within Tarmac is surrendered free of charge.

Group relief claimed from other Group companies registered within the UK is paid for at the prevailing rate of corporation tax for the year at 19% (2019: 19%).

Finance No.2 Bill 2015 enacted the rate of corporation tax to 19% with effect from 1 April 2017, resulting in a current tax rate for the year of 19%.

On 15 September 2016, Finance Bill 2016 enacted a further rate reduction to 17% with effect from 1 April 2020. A further change was enacted in Finance Act 2020 to cancel the proposed reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. Therefore, the rate enacted at the balance sheet date was 19%.

On 3 March 2021, the Chancellor of the Exchequer announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of Corporation Tax for all non-ring fence profits to 25% for the financial year 2023. This change was substantively enacted on 24 May 2021.

#### 7 Investments

| Subsidiaries             | £                       |
|--------------------------|-------------------------|
| <b>Cost or valuation</b> |                         |
| At 1 January 2020        | 14,362,502              |
| Disposals                | <u>(3,611,640)</u>      |
| At 31 December 2020      | <u>10,750,862</u>       |
| <b>Provision</b>         |                         |
| At 1 January 2020        | 12,916,153              |
| Eliminated on disposals  | <u>(3,611,637)</u>      |
| At 31 December 2020      | <u>9,304,516</u>        |
| <b>Carrying amount</b>   |                         |
| At 31 December 2020      | <u><u>1,446,346</u></u> |
| At 31 December 2019      | <u><u>1,446,349</u></u> |

The investments in subsidiaries are all stated at cost less provision for impairment.

During the year the Company wrote off its investments in Ace Minimix Limited and Charles Smith Sons & Co Limited as both companies were dissolved in March 2021.

During the year the Company received dividends from subsidiaries of £3 (2019: £1,570,231).

Details of the subsidiaries at 31 December 2020 are as below. All companies listed below are owned directly by the Company. All companies operate principally in their country of incorporation, which is the United Kingdom unless otherwise indicated below.

All companies have a registered address of Portland House, Bickenhill Lane, Solihull, Birmingham, B37 7BQ, England, unless otherwise indicated below.

## Tarmac Industrial Products Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Investments (continued)

| Name of subsidiary                                        | Registered office                                                       | Proportion of ownership % |      |
|-----------------------------------------------------------|-------------------------------------------------------------------------|---------------------------|------|
|                                                           |                                                                         | 2020                      | 2019 |
| Briggs Amasco Curtainwall Limited                         |                                                                         | 100%                      | 100% |
| Tarmac Group Cement and Lime Limited                      |                                                                         | 100%                      | 100% |
| Tipton Holdings Limited                                   |                                                                         | 100%                      | 100% |
| Brady Industries Limited                                  |                                                                         | 100%                      | 100% |
| Vicourt Limited                                           |                                                                         | 100%                      | 100% |
| Lime-Sand Mortar (Southern) Limited                       | Cambusnethan House,<br>Strathclyde Business Park,<br>Bellshill, ML4 3NJ | 100%                      | 100% |
| Ace Minimix Limited (dissolved 17 March 2021)             |                                                                         | 100%                      | 100% |
| Charles Smith Sons & Co Limited (dissolved 17 March 2021) |                                                                         | 100%                      | 100% |
| Wildmount Properties Limited (dissolved 17 March 2021)    |                                                                         | 100%                      | 100% |

#### 8 Loans to group undertakings

|                             | 31 December<br>2020<br>£ | Restated<br>31 December<br>2019<br>£ |
|-----------------------------|--------------------------|--------------------------------------|
| Loans to group undertakings | <u>13,775,801</u>        | <u>13,775,801</u>                    |

Loans to group undertakings relate to loans with other group companies, which have no fixed repayment date and are repayable on demand. No interest is charged on these balances. It is not expected these amounts will be settled within 12 months of the balance sheet date.

During 2020, a prior period balance sheet reclassification was identified in respect of amounts owed by group companies. The 2019 comparative balances for amounts owed by group companies, which were previously disclosed within current assets, have been restated to incorporate the impact of a balance sheet reclassification of £13,775,801 from current assets to fixed assets on the Balance Sheet.

#### 9 Creditors: Amounts due in less than one year

|                                 | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|---------------------------------|--------------------------|--------------------------|
| Amounts owed to group companies | <u>34,954,552</u>        | <u>34,954,555</u>        |

Amounts owed to group companies have no fixed repayment date and are repayable on demand. No interest is charged on these balances.

## Tarmac Industrial Products Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 10 Called up share capital

##### Allotted, called up and fully paid shares

|                                        | 31 December<br>2020 |                    | 31 December<br>2019 |                    |
|----------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                        | No.                 | £                  | No.                 | £                  |
| 100,000,000 Ordinary shares of £1 each | <u>100,000,000</u>  | <u>100,000,000</u> | <u>100,000,000</u>  | <u>100,000,000</u> |

#### 11 Reserves

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

Details of all movements in reserves are shown in the Statement of Changes in Equity on page 10.

#### 12 Parent and ultimate parent undertaking

The Company's immediate parent is Tarmac Holdings (THL) Limited.

The ultimate parent and controlling party is CRH plc.

##### Relationship between entity and parents

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

The address of CRH plc is:

42 Fitzwilliam Square,  
Dublin,  
D02 R279,  
Ireland

Copies of the financial statements of the ultimate parent company are available from the Company Secretary at the above address.

#### 13 Post balance sheet events

The Directors have considered the continued COVID-19 pandemic and national lockdowns within the UK during the early part of 2021 and determined that, based on recent trading of the Tarmac sub-group and continuation of activities in the construction sector through the recent lockdowns, the pandemic is not expected to have a significant impact on the Company's business. Specifically, the third national lockdown commencing January 2021 is a non adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2020 financial statements.

The Directors continue to monitor the situation constantly and will take any necessary actions to minimise the possible impacts of COVID-19. The Company's ultimate parent, CRH plc, continues to be in a strong financial position to navigate the economic impact of the current situation and will continue to provide ongoing support through a signed letter of support over the liabilities of the Company.

There remains a level of uncertainty around the short-term impact of future outbreaks of COVID-19, however it is hoped any restrictions implemented will be localised and that construction activity can continue with mitigating measures in place, as such the impact should be less disruptive to the Company when compared with the restrictions that took place in the prior year.