

Registered number: 01842188

UDS (NO 10)
(an unlimited company)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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UDS (NO 10)

COMPANY INFORMATION

Directors	N Benning-Prince R C Dowley E A Gretton Dr C M Wendt
Company secretary	W F Rogers
Registered number	01842188
Registered office	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

UDS (NO 10)

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UDS (NO 10)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Business review

The Company is a group investment holding company.

On 24 March 2020 the Company assigned an intercompany receivable of £479,672,000 owed by Houserate Limited to partially settle its liability to Hanson Quarry Products Europe Limited.

On 16 June 2020 the Company was assigned an intercompany receivable of £652,961,000 due from Hanson Limited by Hanson Finance Limited to fully settle its liability to the Company. The Company subsequently assigned the receivable of £652,961,000 due from Hanson Limited to partially settle its liability to Hanson Quarry Products Europe Limited.

On 26 November 2020 the Company received a dividend of £6,500,000,000 from its subsidiary, Hanson Quarry Products Europe Limited, which was set-off against the remaining amount of £6,828,380,000 owed by the Company to Hanson Quarry Products Europe Limited. Subsequently the Company impaired its investment in Hanson Quarry Products Europe Limited by £6,567,875,000 to bring the carrying value in line with the underlying net assets. This has been treated as an exceptional item.

These transactions are part of a wider plan to simplify the group structure in the UK.

The prior year figures have been restated to reduce fixed assets investments by £561,070,000 from £8,167,799,000 to £7,606,729,000 and increase exceptional items by £561,070,000 from £30,688,000,000 to £31,249,070,000. This is a result of an increase in the impairment made against fixed asset investments, due to the incorrect underlying net assets being used to calculate the impairment.

Section 172 Companies Act Statement

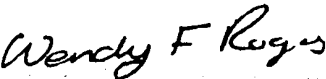
The primary purpose of the Company is that of group investment holding company. The overall objective of the Directors is to maximise shareholder and stakeholder value whilst working to a sustainable long-term business model. The Directors work to ensure the business strategy and objectives of the Company are aligned with that of the Group. As a group investment holding company, the Company has limited stakeholders having no customers, suppliers or employees.

During the year the Directors approved a dividend of £6,500,000,000 from its subsidiary, Hanson Quarry Products Europe Limited, which reduced the indebtedness of the Company. Prior to undertaking this step, the Company actively engaged with its shareholder to agree the appropriate course of action.

Principal risks and uncertainties

The Company's results arise from transactions with fellow group undertakings in the group headed by HeidelbergCement AG. The Directors are therefore of the opinion that, the Company is not directly exposed to significant risks and uncertainties, however, by the very nature of its activities the Company is indirectly exposed to similar risks and uncertainties to those faced by other group undertakings. Details of the principal risks and uncertainties facing the group headed by HeidelbergCement AG are disclosed in the financial statements of that Company.

This report was approved by the board on 10 February 2022 and signed on its behalf.


W F Rogers
Secretary

UDS (NO 10)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £67,875,000 (2019 - profit £750,930,000).

The Directors do not recommend payment of a final dividend (2019 - £nil).

Future developments

The Directors anticipate that the Company will continue as a group investment holding company for the foreseeable future.

Going concern

The Company has limited activity outside of the HeidelbergCement AG ("HCAG") group. The recoverability of its assets is dependent on the financial position of the HCAG group.

The impact of COVID-19 on global economic development is currently unpredictable, however HCAG has adopted COPE ('Covid-19 Contingency Plan Execution'), which is focussed on cost savings and has significant liquidity headroom as a result of actions already taken during its refinancing strategy. The Directors, having assessed the responses of the management of HCAG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the HCAG group to continue as a going concern.

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, which indirectly owns the Company's entire share capital, has committed to continue to support the Company for a period no less than 12 months from the date of the financial statements, in order that it can meet its liabilities as they fall due.

Engagement with employees

The Company has no employees. This report therefore summarises the engagement with employees of the Company's subsidiaries.

The Company's subsidiaries take a number of measures to ensure proactive and meaningful engagement with its workforce - this applies to all employees and all companies within Hanson UK.

Hanson UK values engagement with its workforce, as a key stakeholder. The engagement takes place on many different levels, using a variety of formal and informal measures, which facilitates two-way dialogue to ensure employees have a direct voice to the executive team.

An employee forum has been established, with 11 active employee representatives representing the various business lines and staff functions. In general, the forum meet at least once a year, although additional meetings are held at the request of either the employee representatives or management. Four members of the forum also sit on our parent company's European Works Council, which the Directors believe represents a positive opportunity for the UK workforce to make its voice heard directly at the level of our ultimate parent company.

The employee forum acts as a key information and discussion channel between employees and executive management. At the September 2020 meeting, Hanson UK's chief executive officer (CEO), together with business line managing directors, provided detailed updates on health and safety progress and related improvement plans, on sustainability and our commitment to achieving carbon neutrality, on business performance and market outlook, as well as on the core objectives of our strategy.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Engagement with employees (continued)

Employee representatives raised numerous points of discussion during the meeting, with employees invited to anonymously submit questions in advance. These processes lead to a combination of management commitments, reviews and explanations on a wide range of safety, environmental, operational and commercial matters. Minutes are taken which are published on the Hanson UK intranet, together with the questions and answers. The Directors believe that the employee forum provides a positive and transparent means of engaging with the workforce as a key stakeholder, in the interests of the long term sustainability of the Company and its operations.

Each executive director has been teamed up with a representative 'buddy' and meet periodically to discuss business performance and employee feedback associated with the constituents they represent.

Weekly meetings with the employee forum were held throughout the COVID-19 crisis keeping the representatives abreast of changing policies, business impact and performance. Questions and feedback were welcome.

In addition to the employee forum, the CEO delivers a national leadership communication roadshow each year. These take the form of informal town hall talks, with the CEO providing detailed updates to staff regarding business performance, strategy and the priorities for the year ahead, as well as giving the workforce the opportunity to put questions directly to the senior management in attendance.

Other measures to facilitate effective engagement with employees include the use of regular business update videos by executive management, as well as the quarterly publication of Hanson UK's Team magazine, which is sent to every employee's home address, and includes regular updates through the year on business performance and strategy. Team magazine also communicates to employees the many positive measures Hanson UK takes to support our local communities as key stakeholders in the context of the long-term sustainability of our operations.

Once the COVID-19 crisis started, the CEO issued fortnightly business updates via video to all employees and regular announcements were issued outlining Hanson UK's actions relating to COVID-19. Generally, digital communications increased and the regular newsletters to employees, included those furloughed, continued.

The Directors also value the consultations undertaken with trade unions, setting out detailed business performance updates when meeting with them. Driver forums have also been established, allowing focused engagement and briefings with the personnel in our supply chain. The head of human resources supervises all of these processes and as a member of the Hanson UK executive team reports back on a monthly basis on feedback received from employees and on how Hanson UK's values and culture are embedded within the workforce. Employee surveys have also been carried out periodically as a further means of monitoring the culture and values within our workforce, leading to the development of plans for managers to address feedback received. The next survey is due to be conducted in 2021.

Hanson UK values the importance of visible leadership in managing all its operations. This involves executive management regularly attending site, to lead by example and engage with staff with regard to the vision, values and culture of Hanson UK, in order to ensure the health and safety of our employees and to monitor the degree to which our values are embedded within our operations. Site visits were disrupted by COVID-19 and only direct line management attended during this time as only essential visits were permitted since the commencement of the coronavirus crisis.

A further component of the engagement with employees is the annual Hanson UK safety week, which in 2020 was held in September with all employees focussing on the coordination of safety management to ensure the prioritisation of clean and safe sites, supported by video messages to staff from Hanson UK's CEO. A similar exercise was carried out on the first working day of the New Year, with a Back to Work safety stand down before the year's operations commenced, in order to cascade the 2020 year end performance and to communicate the plans for 2021. Quarterly safety stand downs have been introduced which cover different topics and operations are suspended to allow employees to pause and engage on ensuring staff safety.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Engagement with employees (continued)

Further to the establishment of a health and wellbeing steering group, chaired by a managing director of Hanson UK, which is responsible for the supervision of Hanson UK's health and wellbeing campaign, a range of themed activities took place throughout 2020. The health and wellbeing of employees are priorities which impact the success of our business. The steering group advocates mental and physical wellness for everyone at Hanson UK and encourages employees from all operations to become involved. Specialist Start the Conversation training is provided to line managers and supervisors and Hanson UK works closely with the charity Mates in Mind to raise awareness of mental health issues among staff and provide mental health first aid training, so that managers feel able to recognise warning signs and ensure support. Sessions available to Hanson UK were held in 2020 which concentrated on the importance of mental wellbeing amongst the workforce.

Employees are also provided with an occupational health program that includes annual and biennial medicals depending on job profile. An Employee Assistance Programme (EAP) provides employees with immediate access to confidential 24-hour telephone counselling and support. The helpline is available to support all Hanson UK employees and provides support through work and life issues and problems arising, ranging from legal to medical, stress and general health, fitness and wellbeing advice. The EAP is completely confidential, with high level statistical information relating to usage level being passed to management for periodic review.

Hanson UK's values are also underpinned by a broad range of policies ranging from management responsibilities and matters of legal compliance, to dignity at work and ensuring fairness, inclusion and respect in the workplace at all times. Where employees do not feel able to express concerns within the structure of reporting lines, an online reporting platform has been established to provide employees with an opportunity to address any compliance related concerns and matters of potential policy transgression, within a safe and protected process; issues raised are reviewed and investigated, with reporting back to the executive team.

The various measures described in this report are reviewed annually by the executive team and the Company believes that collectively they allow for a strong level of communication and engagement with employees of Hanson UK.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

N Benning-Prince
R C Dowley
E A Gretton
Dr C M Wendt

Directors' indemnity

HeidelbergCement AG has indemnified, by means of directors' and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

The articles of association also provide for the Directors to be indemnified by the Company subject to the provisions of the Companies Act.

UDS (NO 10)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Due to the introduction of EU Regulations regarding audit rotation of the Company's ultimate parent company, HeidelbergCement AG, the Company's previous auditors, Ernst & Young LLP, did not seek re-appointment.

PricewaterhouseCoopers LLP were appointed as auditors for the year ended 31 December 2020. PricewaterhouseCoopers LLP having indicated their willingness to act will continue in office, as auditors of the Company, in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 10 February 2022 and signed on its behalf.



W F Rogers
Secretary

UDS (NO 10)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Responsibilities Statement was approved by the board on 10 February 2022 and signed on its behalf.



W F Rogers
Secretary

UDS (NO 10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UDS (NO 10)

Report on the audit of the company financial statements

Opinion

In our opinion, UDS (No 10)'s financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

UDS (NO 10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UDS (NO 10)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

UDS (NO 10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UDS (NO 10)

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to 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 financial statements such as the Companies Act 2006. We evaluated 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 inappropriate journal entries. Audit procedures performed by the engagement team included:

- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Inquiries of management in respect of any known or suspected instances of non compliance with Laws and Regulations and Fraud

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

UDS (NO 10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UDS (NO 10)

We have no exceptions to report arising from this responsibility.

Stuart Couch

Stuart Couch (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 11 FEBRUARY 2022

UDS (NO 10)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	As restated 2019
	Note	£000	£000
Exceptional items - Impairment of fixed asset investments	7	(6,567,875)	(31,249,070)
Operating loss		(6,567,875)	(31,249,070)
Income from shares in group undertakings	8	6,500,000	32,000,000
(Loss)/profit before taxation		(67,875)	750,930
Tax on (loss)/profit	9	-	-
(Loss)/profit for the financial year		(67,875)	750,930
Total comprehensive (expense)/income for the year		(67,875)	750,930

See note 4 for the details of the prior year restatement.

All amounts relate to continuing operations.

The notes on pages 14 to 21 and Appendix I form part of these financial statements.

UDS (NO 10)
REGISTERED NUMBER: 01842188

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £000	As restated 2019 £000
Fixed assets			
Investments	10	1,038,854	7,606,729
Current assets			
Debtors: amounts falling due within one year	11	-	1,132,633
Creditors: amounts falling due within one year	12	(328,380)	(7,961,013)
Net current liabilities		<u>(328,380)</u>	<u>(6,828,380)</u>
Net assets		<u>710,474</u>	<u>778,349</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		710,474	778,349
Total equity		<u>710,474</u>	<u>778,349</u>

See note 4 for the details of the prior year restatement.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 February 2022.


R.C. Dowley
Director

The notes on pages 14 to 21 and Appendix I form part of these financial statements.

UDS (NO 10)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	27,419	27,419
Comprehensive Income for the year			
Profit for the year (as restated)	-	750,930	750,930
At 1 January 2020 (as restated)	-	778,349	778,349
Comprehensive expense for the year			
Loss for the year	-	(67,875)	(67,875)
At 31 December 2020	-	710,474	710,474

See note 4 for the details of the prior year restatement.

The notes on pages 14 to 21 and Appendix I form part of these financial statements.

UDS (NO 10)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

UDS (No 10) ("the Company") is an unlimited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Company Information.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of HeidelbergCement AG as at 31 December 2020 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

The Company has limited activity outside of the HeidelbergCement AG ("HCAG") group. The recoverability of its assets is dependent on the financial position of the HCAG group.

The impact of COVID-19 on global economic development is currently unpredictable, however HCAG has adopted COPE ('Covid-19 Contingency Plan Execution'), which is focussed on cost savings and has significant liquidity headroom as a result of actions already taken during its refinancing strategy. The Directors, having assessed the responses of the management of HCAG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the HCAG group to continue as a going concern.

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, which indirectly owns the Company's entire share capital, has committed to continue to support the Company for a period no less than 12 months from the date of the financial statements, in order that it can meet its liabilities as they fall due.

2.4 Exceptional Items

The Company presents as exceptional items those material items of income and expense which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

2.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Impairment of investments

The Company reviews investments in subsidiaries and other investments for impairment if there are any indications that the carrying values may not be recoverable. The carrying value of the investment is compared to the recoverable amount and where a deficiency exists, an impairment charge is considered by management.

The recoverable amount represents the net assets of the investment at the time of the review or where applicable is represented by an estimate of future cash flows expected to arise from the investment. A suitable discount rate is applied to the future cash flows in order to calculate the present value.

Reversals of impairments are recognised where there is a favourable change in the economic assumptions in the period since the provision was made.

Recoverability of amounts owed by group undertakings

The Company reviews the recoverability of amounts owed by group undertakings by reviewing the net assets of the counterparty. If the counterparty has net liabilities a provision is made by management for the amount considered irrecoverable.

4. Prior year adjustment

The prior year figures have been restated to reduce fixed assets investments by £561,070,000 from £8,167,799,000 to £7,606,729,000 and increase exceptional items by £561,070,000 from £30,688,000,000 to £31,249,070,000. This is as a result of a pension asset of £561,070,000 as at 31st December 2019 being included in error in the calculation of the underlying net assets of Hanson Quarry Products Europe Limited.

5. Auditors' remuneration

Fees for audit services provided to the Company have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the Company.

6. Staff costs

The average monthly number of employees, including the Directors, during the year was nil (2019 - nil).

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £918,000 (2019 - £876,000), which was paid by various fellow subsidiaries. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Exceptional items

	2020 £000	As restated 2019 £000
Impairment of fixed asset investments	6,567,875	31,249,070

During the year an impairment charge of £6,567,875,000 was made against the Company's investment in Hanson Quarry Products Europe Limited to bring the carrying value of the investment in line with the underlying net assets following the receipt of a dividend.

In the prior year the Company impaired its investment in Hanson Quarry Products Europe Limited to bring the carrying value of the investment in line with underlying net assets following the receipt of a dividend.

See note 4 for the details of the prior year restatement.

8. Income from investments

	2020 £000	2019 £000
Income from shares in group undertakings	6,500,000	32,000,000

During the year the Company received a dividend of £6,500,000,000 (2019 - £32,000,000,000) from its subsidiary Hanson Quarry Products Europe Limited.

9. Taxation

	2020 £000	As restated 2019 £000
Current income tax		
Current UK corporation tax on (loss)/profit for the year		
Total current income tax		

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	As restated 2019 £000
(Loss)/profit before tax	(67,875)	750,930
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(12,896)	142,677
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,247,896	5,937,323
Dividends from companies	(1,235,000)	(6,080,000)
Group relief	5,112	58,354
Transfer pricing adjustments	(5,112)	(58,354)
Total tax charge for the year	-	-

Factors that may affect future tax charges

The main rate of corporation tax is 19% (2019 - 19%). On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax would increase from 19% to 25% from 1 April 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Fixed asset investments

	Investments in subsidiary company £000	Other investment £000	Total £000
Cost			
At 1 January 2020 and 31 December 2020	38,855,689	1,105,327	39,961,016
Impairment			
At 1 January 2020 (as previously stated)	30,688,000	1,105,217	31,793,217
Prior Year Adjustment	561,070	-	561,070
At 1 January 2020 (as restated)	31,249,070	1,105,217	32,354,287
Charge for the period	6,567,875	-	6,567,875
At 31 December 2020	37,816,945	1,105,217	38,922,162
Net book value			
At 31 December 2020	1,038,744	110	1,038,854
At 31 December 2019 (as restated)	7,606,619	110	7,606,729

See note 4 for the details of the prior year restatement.

Subsidiary undertaking and other investment

The investments in which the Company directly held any class of share capital are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hanson Quarry Products Europe Limited	England and Wales	Ordinary	100%	Supply of materials to construction industry
Astravance Corp. *	Panama	Ordinary	3%	Group finance company

* Registered as a UK Establishment.

The registered office of Hanson Quarry Products Europe Limited is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

The registered office of Astravance Corp. is PH ARIFA, 9th and 10th Floors, West Boulevard, Santa Maria Business District, Panama-City, Republic of Panama.

A full listing of indirectly held investments is presented within Appendix I.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Debtors

	2020 £000	2019 £000
Amounts due within one year		
Amounts owed by group undertakings	-	1,132,633

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	328,380	7,961,013

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3 (2019 - 3) ordinary shares of £1 each	3	3

14. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG. Balances outstanding at 31 December with related parties, are as follows:

	2020 £000	2019 £000
Amounts owed by fellow subsidiary undertakings	-	1,132,633
Amounts owed to subsidiary undertakings	(328,380)	(7,961,013)
	(328,380)	(6,828,380)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson Holdings (3) Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by HeidelbergCement AG. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

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APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS
AT 31 DECEMBER 2020

Name	Country of incorporation	Group ownership %	Registered office
Hanson Quarry Products Ventures Limited	England and Wales	100	*
Holme Sand & Ballast LLP	England and Wales	24.5	Caird Avenue, BH25 5PX New Milton, United Kingdom
Humber Sand and Gravel Limited	England and Wales	50	CEMEX House, Evreux Way, CV21 2DT Rugby, United Kingdom
Kingston Minerals Limited	England and Wales	100	*
Marples Ridgway Limited	England and Wales	100	*
Mendip Rail Limited	England and Wales	50	Bardon Hall, Copt Oak Road, LE67 9PJ Markfield, United Kingdom
Midland Quarry Products Limited	England and Wales	100	*
Milton Hall (Southend) Brick Company Limited (The)	England and Wales	100	*
National Brick Company Limited	England and Wales	100	*
National Star Limited	England and Wales	100	*
New Milton Concrete Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom
North Tyne Roadstone Limited	England and Wales	50	Portland House, Bickenhill Lane, Solihull, B37 7BQ Birmingham, United Kingdom
Pencrete Limited	England and Wales	100	*
Purfleet Aggregates Limited	England and Wales	100	*
Samuel Wilkinson & Sons Limited	England and Wales	100	*
Seagoe Concrete Products Limited	England and Wales	100	*
Small Lots (Mix-It) Limited	England and Wales	100	*
Smiths Concrete Limited	England and Wales	49	Enslow, Kidlington, OX5 3AY Oxford, United Kingdom
Solent Industrial Estates Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom
The Purfleet Ship to Shore Conveyor Company Limited	England and Wales	50	*
W.G. Hibbs & Co. Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom

* The registered office of these investments is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

H.H. & D.E. Drew Limited changed its name to New Milton Sand and Ballast Limited on 14 June 2021.

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**APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS
AT 31 DECEMBER 2020**

Name	Country of incorporation	Group ownership %	Registered office
A.R.C. (Western) Limited	England and Wales	100	*
ARC Concrete (Anglia) Limited	England and Wales	100	*
ARC South Wales Limited	England and Wales	100	*
ARC South Wales Mortar Limited	England and Wales	100	*
ARC South Wales Quarries Limited	England and Wales	100	*
ARC South Wales Surfacing Limited	England and Wales	100	*
Claughton Manor Brick Limited (The)	England and Wales	100	*
Cumbrian Industrials Limited	England and Wales	100	*
Drew Group Holdings Limited	England and Wales	100	Caird Avenue, BH25 5PX New Milton, United Kingdom
F.C. Precast Concrete Limited	England and Wales	100	*
H.H. & D.E. Drew Limited	England and Wales	49	Caird Avenue, BH25 5PX New Milton, United Kingdom
Habfield Limited	England and Wales	100	*
Hanson Aggregates Marine Limited	England and Wales	100	*
Hanson Aggregates South Wales Holdings Limited	England and Wales	100	*
Hanson Aggregates South Wales Limited	England and Wales	100	*
Hanson Bath and Portland Stone Limited	England and Wales	100	*
Hanson Blocks North Limited	England and Wales	100	*
Hanson Building Materials Europe Limited	England and Wales	100	*
Hanson Building Products (2003) Limited	England and Wales	100	*
Hanson Concrete Products Limited	England and Wales	100	*
Hanson Crewing Services Limited	England and Wales	100	*
Hanson Facing Bricks Limited	England and Wales	100	*
Hanson Marine Holdings Limited	England and Wales	100	*
Hanson Marine Limited	England and Wales	100	*
Hanson Quarry Products Holdings Limited	England and Wales	100	*
Hanson Quarry Products Trade Finance Limited	England and Wales	100	*