

Registered number: 02201764

HK HOLDINGS (NO.2) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



HK HOLDINGS (NO.2) LIMITED

COMPANY INFORMATION

Directors	N Benning-Prince R C Dowley E A Gretton Dr C M. Wendt (resigned 6 September 2021) A Quilez Somolinos (appointed 6 September 2021)
Company secretary	W F Rogers
Registered number	02201764
Registered office	Hanson House 14 Castle Hill Maidenhead SL6 4JJ

HK HOLDINGS (NO.2) LIMITED

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HK HOLDINGS (NO.2) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities and business review

The Company is a group investment holding company. The Company has not traded during the year. During this period the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

Results and dividends

The result for the year, after taxation, amounted to £nil (2020 - profit £800).

Dividends in specie of £nil (2020 - £64,351,658) were paid during the year. The Directors do not recommend the payment of a final dividend (2020 - £nil).

Going concern

The Company has limited activity outside of the HeidelbergCement AG ("HCAG") group and therefore its on-going activity is dependent on the operational activity of the HCAG group.

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. The Directors have noted that the ultimate parent undertaking, HCAG, has made an assessment on the impact of the Ukraine crisis. Whilst HCAG is not able to make a reliable forecast of the impact as a result of the Ukraine crisis, its financial statements for the year ended 31 December 2021 continue to be prepared on a going concern basis, whilst recognising that there will be volatility in energy markets ahead.

Thus the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The Directors who served 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 (resigned 6 September 2021)
A Quilez Somolinos (appointed 6 September 2021)

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.

HK HOLDINGS (NO.2) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 30 June 2022 and signed on its behalf.

A handwritten signature in black ink, reading "Wendy F Rogers". The signature is written in a cursive, flowing style.

W F Rogers
Secretary

HK HOLDINGS (NO.2) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Note	£	£
Exceptional items - Impairment of fixed asset investment	3	-	(7,825,908)
Operating loss		-	(7,825,908)
Income from fixed assets investments		-	7,826,708
Profit before tax		-	800
Tax on profit	4	-	-
Profit for the financial year		-	800
Total comprehensive income for the year		-	800

All amounts relate to continuing operations.

The notes on pages 6 to 9 form part of these financial statements.

HK HOLDINGS (NO.2) LIMITED
REGISTERED NUMBER: 02201764

BALANCE SHEET
AS AT 31 DECEMBER 2021

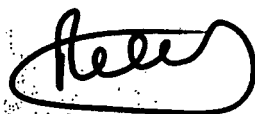
	Note	2021 £	2020 £
Fixed assets			
Investments	5	2	2
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	6	2	2
Total equity		<u>2</u>	<u>2</u>

For the year ended 31 December 2021 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006.

Members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2022.



R C Dowley
Director

The notes on pages 6 to 9 form part of these financial statements.

HK HOLDINGS (NO.2) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	50,000,000	14,350,860	64,350,860
Comprehensive income for the year			
Profit for the year	-	800	800
Total comprehensive income for the year	-	800	800
Contributions by and distributions to owners			
Capital reduction during the year	(49,999,998)	-	(49,999,998)
Transfer to profit and loss account	-	49,999,998	49,999,998
Dividends paid	-	(64,351,658)	(64,351,658)
Total transactions with owners	(49,999,998)	(14,351,660)	(64,351,658)
At 1 January 2021	2	-	2
At 31 December 2021	2	-	2

The notes on pages 6 to 9 form part of these financial statements.

HK HOLDINGS (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

HK Holdings (No.2) Limited ("the Company") is a limited 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 pound (£).

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 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company is part of the HeidelbergCement AG group and is included in the consolidated financial statements of HeidelbergCement AG. The Company therefore qualifies for the reduced disclosures for subsidiaries under FRS 102 including the exemption to present a cash flow statement. The Company is also exempt under Section 33.1A of FRS 102 from disclosing related party transactions with wholly owned subsidiaries of the HeidelbergCement AG group.

2.2 Going concern

The Company has limited activity outside of the HeidelbergCement AG ("HCAG") group and therefore its on-going activity is dependent on the operational activity of the HCAG group.

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. The Directors have noted that the ultimate parent undertaking, HCAG, has made an assessment on the impact of the Ukraine crisis. Whilst HCAG is not able to make a reliable forecast of the impact as a result of the Ukraine crisis, its financial statements for the year ended 31 December 2021 continue to be prepared on a going concern basis, whilst recognising that there will be volatility in energy markets ahead.

Thus the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Investments

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

HK HOLDINGS (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

3. Exceptional item

	2021 £	2020 £
Impairment of fixed asset investment	-	7,825,908

In the prior year, following the receipt of dividends from its subsidiary, Morebeat Limited, the Company impaired its investment to bring the carrying value in line with the underlying assets.

4. Taxation

	2021 £	2020 £
Current tax		
Current tax on profit for the year	-	-
Total current tax	-	-

HK HOLDINGS (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	-	800
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	-	152
Effects of:		
Expenses not deductible for tax purposes	-	1,486,923
Non-taxable income	-	(1,487,075)
Group relief	-	(40,379)
Transfer pricing adjustments	-	40,379
Total tax charge for the year	-	-

Factors that may affect future tax charges

The main rate of corporation tax increases from 19% to 25% on 1 April 2023.

5. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2021 and 31 December 2021	900,000,000
Impairment	
At 1 January 2021 and 31 December 2021	899,999,998
Net book value	
At 31 December 2021	2
At 31 December 2020	2

HK HOLDINGS (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. Fixed asset investments (continued)

Subsidiary undertakings

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
Morebeat Limited	England and Wales	Ordinary	100%	Dormant
Total Limited	USA	Ordinary	50%	Dormant

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

The registered office of Total Limited is 251 Little Falls Drive, Wilmington, Delaware, DE 19808, USA.

6. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2 (2020 - 2) ordinary shares of £1 each	2	2

7. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is HK Holdings (No.1) 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.