

Registered number: 02361310

HANSON FINANCIAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



HANSON FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	N Benning-Prince R C Dowley E A Gretton Dr C M Wendt
Company secretary	W F Rogers
Registered number	02361310
Registered office	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
Independent auditor	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

HANSON FINANCIAL SERVICES LIMITED

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HANSON FINANCIAL SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

The Company is a group investment holding company.

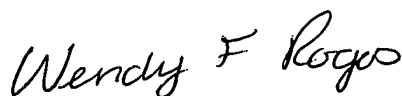
During the year the Company assigned an intercompany receivable of £1,219,719,000 owed by Hanson Finance (2003) Limited to partially settle its liability owed to Hanson Overseas Holdings Limited. This is part of a wider plan to simplify the group structure in the UK.

The profit for the year arose from the partial reversal of the impairment against the Company's investment in Hanson Finance (2003) Limited. This has been treated as an exceptional item.

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 uncertainty; however, by the very nature of its activities, the Company is indirectly exposed to similar risks and uncertainties to those faced by other group companies. Details of the proposed 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 September 2020* and signed on its behalf.



W F Rogers
Secretary

HANSON FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £147,000,000 (2018 - £nil (unaudited)).

The Directors do not recommend the payment of a final dividend (2018 - £nil (unaudited)).

Future developments

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

The impact of COVID-19 on UK businesses is changing on a daily basis and the measures being adopted by the UK Government could have a significant adverse impact on trade in the foreseeable future. The business is monitoring and managing the impact of this on a frequent basis.

Going concern

The Company has limited activity and has limited cash flows outside of the HeidelbergCement AG ("HCAG") group. The recoverability of its assets is dependent on the financial position of the HCAG group. The Directors believe the carrying value of assets are expected to be fully realised.

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.

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The Directors who served during the year were:

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

Directors' indemnity

A fellow group undertaking 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.

HANSON FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

The developments surrounding COVID-19 represent a non-adjusting post balance sheet event and are not reflected in the fair value of the investments shown in the financial statements. If the pandemic continues for a long period of time, there may be changes in the investment value. These would be reflected in the financial statements for the year ended 31 December 2020.

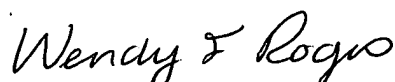
On 26 August 2020 the Company was assigned an intercompany receivable of £1,221,000 due from Houserate Limited by Hanson Building Materials Limited to fully settle its liability to the Company. The Company subsequently assigned £7,367,000 of its intercompany receivable from Houserate Limited to fully settle its liability to Hanson (CGF) Finance Limited. Additionally the Company was assigned an intercompany receivable of £4,452,000 due from Houserate Limited by Hanson Quarry Products Europe Limited to fully settle its liability to the Company.

This is part of a wider plan to simplify the group structure in the UK.

Auditor

Ernst & Young LLP were appointed as auditors of the Company for the year ended 31 December 2019. Due to the introduction of EU Regulations regarding audit rotation, Ernst & Young LLP are not seeking re-appointment as auditors for the next reporting period.

This report was approved by the board on *10 September 2020* and signed on its behalf.



W F Rogers
Secretary

HANSON FINANCIAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial statements of Hanson Financial Services Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 2.3 and Note 13 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting the entities ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other matter

The corresponding figures for the year ended 31 December 2018 are unaudited.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON FINANCIAL SERVICES LIMITED (CONTINUED)

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON FINANCIAL SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Paul Mapleston (Senior Statutory Auditor)

for and on behalf of

Ernst & Young LLP, Statutory Auditor

The Paragon

Counterslip

Bristol

BS1 6BX

Date: *14/9/20*

HANSON FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	Unaudited 2018 £000
Exceptional items	7	147,000	-
Operating profit		147,000	-
Profit on ordinary activities before tax		147,000	-
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		147,000	-
Total comprehensive income for the year		147,000	-

All amounts relate to continuing operations.

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

HANSON FINANCIAL SERVICES LIMITED
REGISTERED NUMBER:02361310

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	Unaudited 2018 £000
Fixed assets			
Investments	8	483,001	336,001
Current assets			
Debtors: amounts falling due within one year	9	30,608	1,250,327
Creditors: amounts falling due within one year	10	(267,529)	(1,487,248)
Net current liabilities		(236,921)	(236,921)
Net assets		246,080	99,080
Capital and reserves			
Called up share capital	11	757	757
Share premium account		756,225	756,225
Profit and loss account		(510,902)	(657,902)
Shareholders' funds		246,080	99,080

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

10 September 2020



R C Dowley
Director

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

HANSON FINANCIAL SERVICES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2018 (unaudited)	757	756,225	(657,902)	99,080
At 1 January 2019 (unaudited)	757	756,225	(657,902)	99,080
Comprehensive income for the year				
Profit for the year	-	-	147,000	147,000
At 31 December 2019	757	756,225	(510,902)	246,080

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

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Hanson Financial Services 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 101 (FRS101) 'Reduced Disclosure Framework' 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).

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 accounts 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 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - 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 paragraph 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

This information is included in the consolidated financial statements of HeidelbergCement AG as at 31 December 2019 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

2.3 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 the foreseeable future, in order that it can meet its liabilities as they fall due. The Company has limited activity and has limited cash flows outside of the HeidelbergCement AG ("HCAG") group. The recoverability of its assets is dependent on the financial position of the HCAG group. The Directors believe the carrying value of assets are expected to be fully realised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern (continued)

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.

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Financial instruments

Financial assets

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

The Company's financial assets include amounts owed by group undertakings.

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The ECL required for other debt instruments is determined using a three stage model.

- At the initial recognition of the financial asset an expected credit loss provision is recorded for the twelve month period following the reporting date. Any interest revenue is calculated on the gross carrying amount of the financial asset.
- If the credit risk of that financial instrument has increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is recorded. Any interest revenue is calculated on the gross carrying amount of the financial asset. Should the significant increase in credit risk reverse within subsequent reporting periods then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the twelve month expected credit losses.
- If objective evidence of impairment exists, a loss allowance for full lifetime expected credit losses is recognised. Any interest revenue is calculated on the net carrying amount of the financial asset.

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Financial instruments (continued)

Financial liabilities

Financial liabilities are initially measured at fair value and, in the case of loans and borrowing and payables, net of directly attributable transactions costs.

The Company's financial liabilities include amounts owed to group undertakings.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This 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 amortised cost of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5 Investments

Investments in subsidiaries are shown at cost less provision for impairment.

2.6 Current and deferred taxation

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.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investment in subsidiaries, branches and associates, and interests in joint ventures, a deferred tax liability shall be recognised in accordance with IAS 12.39.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Current and deferred taxation (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

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.

2.7 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

Impairment of investments

The Company reviews investments in subsidiaries 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. Auditors' remuneration

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

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Staff costs

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £876,000 (2018 - £843,000 (unaudited)), 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.

6. Taxation

	2019 £000	Unaudited 2018 £000
Current tax		
Current UK corporation tax on profits for the year	-	-
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	Unaudited 2018 £000
Profit on ordinary activities before tax	147,000	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	27,930	-
Effects of:		
Release of provision for impairment in value of subsidiary undertaking not taxable	(27,930)	-
Group relief	607	617
Transfer pricing adjustments	(607)	(617)
Total tax charge for the year	-	-

Factors that may affect future tax charges

As at the balance sheet date, there was an enacted reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. On 11 March 2020, the Chancellor of the Exchequer announced that the main rate of corporation tax would remain at 19% and this change has since been substantively enacted.

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Exceptional items

	2019 £000	Unaudited 2018 £000
Reversal of impairment in value of fixed asset investments	147,000	-

During the year the Company partially reversed its impairment against its investment in Hanson Finance (2003) Limited to reflect the improvement in the underlying net assets.

8. Fixed asset investments

	Investments in subsidiary company £000
Cost or valuation	
At 1 January 2019 (unaudited) and 31 December 2019	1,000,104
Impairment	
At 1 January 2019 (unaudited)	664,103
Reversal of impairment losses	(147,000)
At 31 December 2019	517,103
Net book value	
At 31 December 2019	483,001
At 31 December 2018 (unaudited)	336,001

During the year the Company partially reversed its impairment against its investment in Hanson Finance (2003) Limited to reflect the improvement in the underlying net assets.

Direct subsidiary undertaking

The investment in which the Company directly held any class of share capital is as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hanson Finance (2003) Limited	England and Wales	Ordinary	100%	Investment holding company

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Fixed asset investments (continued)

Indirect subsidiary undertakings and associated undertakings

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

Name	Country of incorporation	Class of shares	Holding	Principal activity
Marnee Limited	England and Wales	Ordinary	100%	Group finance company
V.E.A. Limited	Guernsey*	'B' Preference	100%	Investment holding company

The registered office of the investments incorporated in England and Wales is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

The registered office of V.E.A. Limited is 22 Havilland Street, St Peter Port, Guernsey, Channel Islands, GY1 2QB.

*Registered as UK establishment.

9. Debtors

	2019 £000	Unaudited 2018 £000
Due within one year		
Amounts owed by group undertakings	30,608	1,250,327

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

10. Creditors: Amounts falling due within one year

	2019 £000	Unaudited 2018 £000
Amounts owed to group undertakings	267,529	1,487,248

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

HANSON FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Share capital

	2019 £000	Unaudited 2018 £000
Allotted, called up and fully paid		
756,982 (2018 -756,982 (unaudited)) ordinary shares of £1 each	757	757

The Company has no authorised share capital limit.

12. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 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:

	2019 £000	Unaudited 2018 £000
Amounts owed by subsidiary undertakings	-	1,219,719
Amounts owed by fellow subsidiary undertakings	30,608	30,608
Amounts owed to parent undertakings	(7,367)	-
Amounts owed to fellow subsidiary undertakings	(260,162)	(1,487,248)
	<u>(236,921)</u>	<u>(236,921)</u>

13. Post balance sheet events

The developments surrounding COVID-19 represent a non-adjusting post balance sheet event and are not reflected in the fair value of the investments shown in the financial statements. If the pandemic continues for a long period of time, there may be changes in the investment value. These would be reflected in the financial statements for the year ended 31 December 2020.

On 26 August 2020 the Company was assigned an intercompany receivable of £1,221,000 due from Houserate Limited by Hanson Building Materials Limited to fully settle its liability to the Company. The Company subsequently assigned £7,367,000 of its intercompany receivable from Houserate Limited to fully settle its liability to Hanson (CGF) Finance Limited. Additionally the Company was assigned an intercompany receivable of £4,452,000 due from Houserate Limited by Hanson Quarry Products Europe Limited to fully settle its liability to the Company.

This is part of a wider plan to simplify the group structure in the UK.

14. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson (CGF) Finance 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.