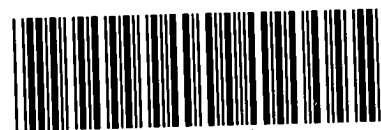


Registered number: 05009743

HANSON HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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HANSON HOLDINGS LIMITED

COMPANY INFORMATION

Directors	N Benning-Prince R C Dowley E A Gretton Dr C M Wendt
Company secretary	W F Rogers
Registered number	05009743
Registered office	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
Independent auditor	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

HANSON HOLDINGS LIMITED

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HANSON HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

The Company is a group investment holding company.

On 21 May 2019, the Company received a dividend of £43,136,000 (AUD 80,685,000) from Hanson Australia Funding Limited. This amount was used to partially repay amounts owed to group undertakings.

On 6 September 2019, the Company received a dividend in specie of £194,040,000 from Hanson Hedging (Dollars) (1) Limited, which was satisfied by the assignment of an inter-company receivable due from Houserate Limited. This receivable was subsequently assigned to Hanson Finance Limited to partially settle the balance owed to Hanson Finance Limited.

On 10 September 2019, Hanson Quarry Products Europe Limited assigned an inter-company receivable of £202,936,000 owed by the Company to Hanson International Holdings Limited and Hanson Finance Limited assigned an inter-company receivable of £159,320,000 owed by the Company to Birchwood Concrete Products Limited.

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

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 17 July 2020 and signed on its behalf.



W F Rogers
Secretary

HANSON HOLDINGS 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 £175,031,000 (2018 - £217,000).

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

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

Engagement with employees

The Company takes 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 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 2019 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.

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

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 company 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.

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 our employees include the use of quarterly 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.

We also value the consultations we undertake 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 human resources director 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 the Company'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.

Hanson UK values the importance of visible felt 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.

A further component of our engagement with employees is our annual Hanson UK safety week, which in 2019 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 is carried out on the first working day of the New Year, with a Back to Work safety day before the year's operations commence, in order to ensure a zero-harm environment. A formal Safety Stand Down was also carried out during July with a focus in 2019 on mobile plant, with operations being suspended in order to allow employees to pause and engage on ensuring staff safety.

A health and wellbeing steering group, chaired by a managing director, has also been established. The group supervises Hanson UK's health and wellbeing campaign with a range of themed activities taking place throughout 2019. 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 the Company 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.

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 HOLDINGS LIMITED

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

Engagement with employees (continued)

The Company'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 executive team and the Company believes that collectively they allow for a strong level of communication and engagement with employees.

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.

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

On 20 May 2020 Hanson H4 Limited, a subsidiary undertaking, declared a dividend of £1,540,000,000 to the Company, which was satisfied by the assignment of a receivable owed by Hanson Limited.

The Company then assigned receivables of £1,032,487,000 owed by Hanson Limited to settle liabilities owed to various other fellow group undertakings in full.

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

HANSON HOLDINGS LIMITED

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

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 17 July 2020 and signed on its behalf.



W F Rogers
Secretary

HANSON HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 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 HOLDINGS LIMITED

Opinion

We have audited the financial statements of Hanson Holdings 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 17, including a summary of significant accounting policies and Appendix I. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

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

Other information (continued)

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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



Paul Mapleston (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

The Paragon
Counterslip
Bristol
BS1 6BX

Date: 21 / 7 / 20

HANSON HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Exceptional items	4	(62,145)	217
Operating (loss)/profit		<u>(62,145)</u>	<u>217</u>
Income from fixed asset investments		237,277	-
Foreign exchange differences	7	(93)	-
Interest payable and expenses	8	(8)	-
Profit on ordinary activities before tax		<u>175,031</u>	<u>217</u>
Tax on profit on ordinary activities	9	-	-
Profit for the financial year		<u><u>175,031</u></u>	<u><u>217</u></u>
Total comprehensive income for the financial year		<u><u>175,031</u></u>	<u><u>217</u></u>

All amounts relate to continuing operations

The notes on pages 13 to 22 and Appendix I form part of these financial statements.

HANSON HOLDINGS LIMITED
REGISTERED NUMBER:05009743

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	10	3,404,079	3,466,224
Current assets			
Debtors: amounts falling due within one year	11	10,100	10,100
Creditors: amounts falling due within one year	12	(1,032,487)	(1,269,663)
Net current liabilities		(1,022,387)	(1,259,563)
Net assets		<u>2,381,692</u>	<u>2,206,661</u>
Capital and reserves			
Called up share capital	14	2,200,000	2,200,000
Other reserves	13	4,168	4,168
Profit and loss account		177,524	2,493
Shareholders' funds		<u>2,381,692</u>	<u>2,206,661</u>

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

17th July 2020



R.C. Dowley
Director

The notes on pages 13 to 22 and Appendix I form part of these financial statements.

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

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2018	2,200,000	4,168	2,276	2,206,444
Comprehensive income for the year				
Profit for the year	-	-	217	217
At 1 January 2019	2,200,000	4,168	2,493	2,206,661
Comprehensive income for the year				
Profit for the year	-	-	175,031	175,031
At 31 December 2019	2,200,000	4,168	177,524	2,381,692

The notes on pages 13 to 22 and Appendix I form part of these financial statements.

HANSON HOLDINGS LIMITED

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

1. General information

Hanson Holdings 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.

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

2. Accounting policies (continued)

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.

The impact of COVID-19 on global economic development is currently unpredictable, however HeidelbergCement AG 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 are initially measured at fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs.

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 (ECL) on investments in debt instruments that are measured at amortised cost. 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.

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

2. Accounting policies (continued)

2.4 Financial instruments (continued)

- 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.

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 Balance Sheet if there is an enforceable legal right to offset and there is an intention to settle on a net basis.

2.5 Investments

Investments in subsidiaries are held at historical cost less provision for impairment.

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 at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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

2. Accounting policies (continued)

2.8 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.

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.

2.9 Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the 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.

HANSON HOLDINGS LIMITED

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

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. Exceptional items

	2019 £000	2018 £000
Release of impairment of fixed asset investments	-	217
Impairment of fixed asset investments	(62,145)	-
	<u>(62,145)</u>	<u>217</u>

During the current year an impairment (2018 - a release of impairment) has been made against the Company's investment in Hanson Finance Limited to bring the carrying value of the investment in line with its underlying net assets.

5. 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.

6. 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), 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.

HANSON HOLDINGS LIMITED

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

7. Foreign exchange differences

	2019 £000	2018 £000
Foreign exchange loss on forward contracts	698	-
Foreign exchange gain on dividend receivable	(605)	-
	<u>93</u>	<u>-</u>

8. Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable on foreign exchange forward contracts	<u>8</u>	<u>-</u>

9. Taxation

	2019 £000	2018 £000
Current income tax		
Current UK corporation tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>

Reconciliation of the tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 -19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>175,031</u>	<u>217</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 -19.00%)	33,256	41
Effects of:		
Non-taxable impairment/(reversal of impairment) in investments	11,808	(41)
Non-taxable income	(45,083)	-
Group relief	(2,917)	(3,279)
Transfer pricing adjustments	2,936	3,279
Total tax charge for the year	<u>-</u>	<u>-</u>

HANSON HOLDINGS LIMITED

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

9. Taxation (continued)

Change in corporation tax rate

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.

10. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019 and 31 December 2019	3,616,760
Impairment	
At 1 January 2019	150,536
Charge for the period	62,145
At 31 December 2019	<u>212,681</u>
Net book value	
At 31 December 2019	<u>3,404,079</u>
At 31 December 2018	<u>3,466,224</u>

During the year an impairment has been made against the Company's investment in Hanson Finance Limited to bring the carrying value of the investment in line with its underlying net assets.

HANSON HOLDINGS LIMITED

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

10. 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
Birchwood Concrete Products Limited	England and Wales	Ordinary	100%	Group finance company
Hanson Building Materials Limited	England and Wales	Ordinary	100%	Investment holding company
PILC Limited *	Guernsey	Ordinary	100%	Group finance company
Hanson Finance Limited	England and Wales	Ordinary	100%	Investment holding company
Hanson H4 Limited	England and Wales	Ordinary	100%	Group finance company
Hanson Hedging (Dollars) (1) Limited	England and Wales	Ordinary	100%	Investment holding company
Civil and Marine Limited	England and Wales	Ordinary	100%	Ground granulated blast furnace slag
Hanson Canada Limited	England and Wales	Ordinary	100%	Group finance company
Hanson Australia Funding Limited	Australia	Ordinary	100%	Group finance company
Hanson Holdings (3) Limited	England and Wales	Ordinary	100%	Investment holding company

* Registered as a UK Establishment.

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

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

The registered office of Hanson Australia Funding Limited is 35 Clarence Street, Level 10, Sydney, Australia.

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

11. Debtors

	2019 £000	2018 £000
Due within one year		
Amounts owed by group undertakings	10,100	10,100

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

HANSON HOLDINGS LIMITED

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

12. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	1,032,487	1,269,663

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

13. Reserves

Other reserves

The other reserve represents capital contributions received by the Company.

14. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
2,200,000,001 (2018 - 2,200,000,001) ordinary shares of £1 each	2,200,000	2,200,000

The Company has no authorised share capital limit.

15. 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	2018 £000
Amounts owed by immediate parent undertaking	6,895	6,895
Amounts owed by subsidiary undertakings	50	50
Amounts owed by fellow subsidiary undertakings	3,155	3,155
Amounts owed to subsidiary undertakings	(829,551)	(1,036,591)
Amounts owed to fellow subsidiary undertakings	(202,936)	(233,072)
	<u>(1,022,387)</u>	<u>(1,259,563)</u>

HANSON HOLDINGS LIMITED

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

16. Post balance sheet events

On 20 May 2020 Hanson H4 Limited, a subsidiary undertaking, declared a dividend of £1,540,000,000 to the Company, which was satisfied by the assignment of a receivable owed by Hanson Limited.

The Company then assigned receivables of £1,032,487,000 owed by Hanson Limited to settle liabilities owed to various other fellow group undertakings in full.

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

17. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson 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.

HANSON HOLDINGS LIMITED

APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND INVESTMENTS AT 31 DECEMBER 2019

Name	Country of incorporation	Group ownership %	Registered office
A.R.C. (Western) Limited	England and Wales	100	*
Amangani SA	Republic of Panama	100	PH ARIFA, 9th and 10th Floors, West Boulevard, Santa Maria Business District, Panama City, Republic of Panama
Appleby Group 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	*
C. & G. Concrete Limited (in liquidation)	England and Wales	23.48	Central Square 8th Floor, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL, England
Calumite Limited	England and Wales	51	*
Calumite s.r.o.	Czech Republic	51	Lihovarská 636/44, Ostrava - Kunčičky, 718 00, Czech Republic
Cement Australia (Coal) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia (Darra) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia (Exploration) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia (Goliath) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia (Queensland Transport) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia (Queensland) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia Holdings Pty Ltd	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia Packaged Products (Qld) Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia Packaged Products Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cement Australia Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Cementco Investments Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
CHB Products Limited	England and Wales	100	*
City of London Heliport Limited	England and Wales	55.56	*

HANSON HOLDINGS LIMITED

APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND INVESTMENTS AT 31 DECEMBER 2019

Name	Country of incorporation	Group ownership %	Registered office
Civil and Marine (Holdings) Limited	England and Wales	100	*
Civil and Marine Slag Cement Limited	England and Wales	100	*
Cloughton Manor Brick Limited (The)	England and Wales	100	*
Cumbrian Industrials Limited	England and Wales	100	*
F.C. Precast Concrete Limited	England and Wales	100	*
Geocycle Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Geocycle SBF Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
H.H. & D.E. Drew Limited	England and Wales	49	Caird Avenue, New Milton, Hampshire, BH25 5PX, England;
Habfield Limited	England and Wales	100	*
Hanson (FP) Limited	England and Wales	100	*
Hanson Aggregates Holding Nederland B.V. (in liquidation)	The Netherlands	100	Amerikahavenweg 11, Amsterdam, 1045AA, The Netherlands
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 Aggregates UK Limited	England and Wales	100	*
Hanson Bath and Portland Stone Limited	England and Wales	100	*
Hanson BC Limited	Bermuda	100	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; Hanson House, 14 Castle Hill, Maidenhead, Berkshire, SL6 4JJ, England
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 Cement Holdings Pty Ltd	Australia	100	35, Clarence Street, Level 10, Sydney, NSW, 2000, Australia
Hanson Concrete Products Limited	England and Wales	100	*
Hanson Crewing Services Limited	England and Wales	100	*
Hanson Facing Bricks	England and	100	*

HANSON HOLDINGS LIMITED

APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND INVESTMENTS AT 31 DECEMBER 2019

Name	Country of incorporation	Group ownership %	Registered office
Limited	Wales		
Hanson Green Limited	Bermuda	100	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;
Hanson H5	England and Wales	100	*
Hanson Iceland EHF	Iceland	100	Hofdatorg, 18th Floor, Reykjavik, 105, Iceland
Hanson Marine Holdings Limited	England and Wales	100	*
Hanson Marine Limited	England and Wales	100	*
Hanson Quarry Products Europe Limited	England and Wales	100	*
Hanson Quarry Products Holdings Limited	England and Wales	100	*
Hanson Quarry Products Trade Finance Limited	England and Wales	100	*
Hanson Quarry Products Ventures Limited	England and Wales	100	*
Hanson Trustees Limited	England and Wales	100	*
HeidelbergCement Euro III Limited	England and Wales	100	*
Holme Sand & Ballast LLP	England and Wales	24.5	Caird Avenue, New Milton, Hampshire, BH25 5PX, England
Humber Sand and Gravel Limited	England and Wales	50	CEMEX House, Evreux Way, Rugby, Warwickshire, CV21 2DT, England
Kimbolton Coal Company Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
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, Markfield, Leicestershire, LE67 9PJ, England;
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 Brick and Tile Holdings Limited	England and Wales	100	*
National Star Limited	England and Wales	100	*
New Milton Concrete Limited	England and Wales	49	Caird Avenue, New Milton, Hampshire, BH25 5PX, England;
North Tyne Roadstone Limited	England and Wales	50	Portland House, Bickenhill Lane, Solihull, Birmingham, B37 7BQ,

HANSON HOLDINGS LIMITED

APPENDIX I – LISTING OF INDIRECT SUBSIDIARIES AND INVESTMENTS AT 31 DECEMBER 2019

Name	Country of incorporation	Group ownership %	Registered office
			England
Pacific Lime Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Pencrete Limited	England and Wales	100	*
Pozzolanac Enterprises Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Pozzolanac Holdings Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Pozzolanac Industries Pty Limited	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
Purfleet Aggregates Limited	England and Wales	100	*
Rezincote (1995) 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, Oxford, Oxfordshire, OX5 3AY, England;
Solent Industrial Estates Limited	England and Wales	42.39	Caird Avenue, New Milton, Hampshire, BH25 5PX, England;
ST JUDE S.à r.l.	Luxembourg	100	43, Avenue J.F. Kennedy, Luxembourg, 1855, Luxembourg
The Cornwall Coal Company Pty Ltd	Australia	25	18, Station Avenue, Darra, QLD, 4076, Australia
The Purfleet Ship to Shore Conveyor Company Limited	England and Wales	100	*
UDS (No 10)	England and Wales	100	*
Viewgrove Investments Limited	England and Wales	100	*
W.G. Hibbs & Co. Limited	England and Wales	49	Caird Avenue, New Milton, Hampshire, BH25 5PX, England;

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

On 21 January 2020, Hanson Aggregates Holding Nederland B.V. (in liquidation) was dissolved.

Hanson BC Limited was placed in liquidation on 14 January 2020 and dissolved on 4 March 2020.