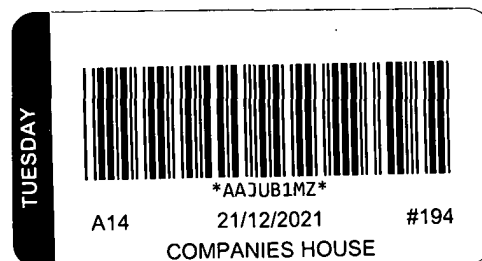


Registration number: 07533961

Tarmac Holdings Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020



Tarmac Holdings Limited

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Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for Tarmac Holdings Limited (the "Company") for the year ended 31 December 2020.

Tarmac Holdings Limited is part of the CRH Group. Tarmac Holdings Limited and its subsidiaries are referred to throughout as Tarmac, and CRH plc and its subsidiaries are referred to as the Group.

Fair review of the business

The Company's loss before tax was £388.4 million, a decrease in performance from last year's profit before tax of £0.4 million. Loss includes £387.6 million impairment of investments following a review of the carrying values of investments at 31 December 2020.

At 31 December 2020, the Company had net assets of £1,324.2 million (2019: £1,712.6 million) and net current liabilities of £94.1 million (2019: £97.7 million net current liabilities).

Key performance indicators

In order to realise its strategic aims, the Company has identified areas of particular focus and has put into place a number of Key Performance Indicators (KPIs) to measure and assess progress against them. The following indicators are calculated for the continuing operations of the Company:

	Unit	2020	2019
LTIFR (Lost time injuries frequency rate defined as the number of accidents per 1,000,000 hours worked)*		0.88	0.75
Net assets	£m	1,324.2	1,712.6

*This is measured across the Tarmac group and relates to the trading subsidiaries of the Company.

LTIFR is a KPI due to the level of focus the entity has on health and safety (see section later in Strategic report).

Net assets is deemed to be a KPI due to the nature of the Company being an intermediate holding company.

COVID-19 pandemic

Trading conditions across the Tarmac sub-group were impacted by the onset of the COVID-19 pandemic in the UK, particularly during national lockdowns which took place in Q2 and Q4. Trading was impacted by the pandemic and ONS data showed that total construction output had decreased by 12.5% compared to the prior year as a result. During these periods of lockdown where Tarmac was permitted to, we were able to keep our operations open and maintain supply to keep important parts of society functioning. Production was however temporarily suspended at certain sites during the first national lockdown to match the revised demand profile and flex the operating capacity as required. Central support functions of the business moved to a remote operational model and offices were temporarily closed. Sites then re-opened in line with demand as sales volumes recovered. The directors do not envisage there will be a significant loss of customers or recurring revenue in 2021.

The Company has continued to review the performance of the business during the pandemic and has taken all necessary actions to ensure the business' long-term success, including implementing relevant cost control measures and performing a full portfolio review. The Tarmac sub-group had originally sought financial support from the government by applying for the Coronavirus Job Retention Scheme, however all monies received from the government were subsequently repaid. In addition, the VAT deferral scheme was initially utilised, however by the end of the year all relevant payments had been made. The directors have assessed the impact of the current uncertainty around COVID-19 on all aspects of the business focussing specifically on operational performance and cashflows. The directors have reviewed the financial position of the Company, and considered the uncertainties arising from the economic environment and the possibilities of a consequential unfavourable impact of this upon trading. The directors have taken these factors into account when assessing the going concern of the Company and are comfortable that the Company has adequate resources to continue in operational existence for the foreseeable future. See the going concern section of the Directors Report and Note 1 of the financial statement for further considerations.

Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Withdrawal of the United Kingdom from the European Union

The United Kingdom left the European Union on 31 January 2020. The effect of the withdrawal of the United Kingdom from the European Union has increased the volatility of the economies of the United Kingdom and the rest of Europe. It is expected that this uncertainty will have a limited impact on the Company and its related activities.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company, and the Tarmac sub-group in which it holds investments, are considered to be:

Brexit - operations may face operational, regulatory and market challenges resulting from the UK's withdrawal from the European Union, potentially impacting supply chain norms, construction labour availability and the general economic performance of the UK. Failure to manage the continued uncertainties posed by Brexit could result in adverse financial performance. The Directors currently believe that the uncertainty will have a limited impact on the Company and its related activities. However they continue to monitor the economic situation in the UK and receive reports on the ongoing impacts associated with Brexit, given the withdrawal from the EU only took place in early 2020 and there remains some uncertainty around the longer term impact of Brexit;

COVID-19 pandemic - Public health emergencies, epidemics or pandemics, such as the emergence and spread of the COVID-19 pandemic, have the potential to significantly impact operations through a fall in demand for Tarmac's products, a reduction in staff availability and business interruption. The emergence and spread of the COVID-19 pandemic has had a material impact across the construction markets in which Tarmac operates. The continued uncertainty around the global pandemic could have an adverse effect on the operating results, cash flows, financial condition and/or prospects of Tarmac. Crisis management structures and protocols are in place to enable swift decision-making at times of crisis. Business continuity management structures and plans have been enacted with new working protocols implemented to safeguard our people and business;

Climate change and policy - The impact of climate change may over time affect the operations of Tarmac and the markets in which it operates. This could include physical risks, such as acute and chronic changes in weather and/or transitional risks such as technological development, policy and regulation change and market and economic responses. Should Tarmac not reduce its greenhouse gases (GHGs) emissions by its identified targets, it may be subject to increased costs, adverse financial performance and reputational damage. However to date no such items of financial significance have occurred and there is deemed to be limited risk in the short term. The longer term impact continues to be monitored and Tarmac continues to focus on developing sustainable construction solutions and meet regularly with government to ensure adherence to the relevant regulations and policy changes;

External market outlook - aside from the uncertainty around the economic impact of the Coronavirus pandemic and the UK's withdrawal from the European Union, the nature of operations being based outdoors and certain optimal weather conditions being required for a number of key operational activities, means that adverse weather conditions across all seasons can have a significant short term impact on the both Tarmac's performance and the wider market. Tarmac continues to monitor the market and government policy to mitigate external risks where possible;

Competitive environment - increased competition could impact Tarmac's volumes and margins. The Company benefits from being part of a vertically integrated business, and is therefore able to leverage on other Tarmac companies in order to differentiate itself from its competitors;

Health & safety - Tarmac operates in an industry where health and safety risks are inherently prominent. Further, Tarmac is subject to stringent regulations from a health and safety perspective. A serious health and safety incident could have a significant impact on Tarmac's operational and financial performance, as well as its reputation. This is managed through ensuring that a robust health and safety framework is implemented throughout Tarmac's operations requiring all employees to complete formal health and safety training on a regular basis. Tarmac monitors the performance of its health and safety framework, and takes immediate and decisive action if non adherence is identified. The development of a strong safety culture is driven by management and employees at every level and is a core part of doing business with integrity; and

Finance risk management - see Finance risk management objectives and policies section in the Directors Report.

Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Health and safety

The health and safety of employees and contractors is fundamental to the Tarmac business and Tarmac continued to embed its philosophy of Work Safe Home Safe during 2020 and its commitment to ensure nobody is adversely affected by Tarmac activities as a result.

2020 presented many challenges none more so than the impact of the global pandemic brought about by COVID-19. Tarmac actively engaged all areas of its business and people in implementing and embedding controls to mitigate the risk and protecting the wellbeing of all stakeholders.

The Tarmac health and safety strategy, reviewed annually, continues to be built on 4 key principles of Leadership & Culture, Assurance & Governance, Communication & Engagement and Management Systems. These are aimed at developing processes that embed the 4 principles into the way Tarmac does business and support the risk based approach to operational management that defines suitable controls to risks in the business.

In 2020 there were zero fatalities (2019: 0) and 25 Lost Time Injuries (2019: 25) and the consequent Lost Time Injury Frequency Rate was 0.88 (2019: 0.75) (defined as the number of accidents per 1,000,000 hours worked).

Strengthening employee engagement and involvement continues to be a primary focus area for Tarmac. Encouraging employees and contractors to report incidents and near hits is an essential indicator of engagement. Tarmac continues to see the benefits of active senior leadership interaction across its sites with engagement activities targeted throughout the year towards business risk areas in order to drive improvement.

In 2020 there were 21 Medical Treatment Cases (2019: 21), 1 Modified Work Duty case (2019: 2), 53 First Aid Cases (2019: 70) and 72 Non-Treatment Injuries (2019: 105). The Total Recordable Case Frequency Rate was 1.65 (2019: 1.45), based on 47 incidents (2019: 48). Total Recordable Cases include Lost Time Injuries, Medical Treatment Cases and Modified Work Duty cases.

A total of 57 high potential incidents were recorded for 2020 (defined as incidents that had a realistic chance of fatal or life-changing consequences) (2019: 46).

For all incidents, each is investigated to an appropriate level of detail and learning points are cascaded throughout the organisation.

Section 172(1) statement

Set out below is the Company's section 172 report as required under the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"). The Regulations require Tarmac Holdings Limited (the "Company") to report how the directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172"), to promote the success of the Company for the benefit of its shareholder with due regard to the Company's stakeholders. The principal activity of the Company is that of an intermediate holding company.

The Company is part of the Tarmac Trading Limited sub-group of companies in the UK ("Tarmac") and is ultimately owned by CRH plc ("CRH"). CRH and its subsidiaries are referred to as the Group. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of each CRH entity and the wider Group with consideration to the Company's immediate stakeholders and those of the Group also.

The Group recognises the need to have appropriate levels of corporate governance across its subsidiaries as part of its approach to risk mitigation and wider stakeholder engagement strategy. The Group maintains strong levels of corporate governance at both an enterprise wide and legal entity level, and as a result of increased regulation, CRH and its UK subsidiary boards ("CRH UK") recognised the need to move to a more structured approach and formalise key governance standards across its UK subsidiaries. Underpinning this approach to corporate governance is the CRH UK Corporate Governance policy (the "Policy"). This Policy is applicable to all CRH UK entities, including the Tarmac sub-group of companies, and sets out clear corporate governance controls and processes and provides detailed guidance for directors and management on the application and execution of Section 172 duties.

Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Purpose

In 2018 the Tarmac group introduced The Tarmac Way, the strategy defining our purpose, where we are going and how we are going to get there. Our purpose is Together, we're Building our Future. The business recognised that having an inspiring 'why' gives us a real purpose, a long-term and sustainable reason for doing what we do. Thinking about that reason helps us keep our eye on the future.

The Board is responsible for developing and promoting the purpose of the Company in alignment with the Tarmac Way and ensuring that its values, strategy and culture complement the Tarmac Way and are strategically aligned with the CRH strategy. Our purpose is at the heart of everything that we do, it inspires our employees and guides our day-to-day operations, our culture and decision making by the Board:

We understand that our values are the principles for the way we do things - our behaviours and actions bring them to life each day. Through The Tarmac Way we rediscovered Tarmac's core values: We are collaborative. We are proud. We are ambitious. Together with the STAR (Shaping Talent, Abilities and Results) framework, we have a common language, a consistent model and clear criteria for understanding good performance.

Annually, our senior leaders from across all aspects of the business, including the directors of the Company, review and set Tarmac's strategic objectives for the forthcoming financial year. In communicating our strategic objectives to the wider business and using them to frame individual and team objectives each year, we ensure that our purpose is at the heart of our day to day operations and decision making.

Our culture is determined by the values set out above which defines the expectations, attitudes and behaviors expected by the Company's directors and its employees, in its activities and relationships with colleagues, shareholders and wider stakeholders. In doing so, this ensures that the business maintains a reputation for high standards of business conduct and stakeholder engagement.

In making its decisions, including strategic decisions that impact our stakeholders, a key principle applied by the directors is to always consider whether the decision they are about to take leads to a positive long-term increase in shareholder value whilst balancing the interests and long term impact on stakeholders. The Policy provides the Board and executive management, acting through the executive management committee ("ExCom"), with clear guidance and appropriate corporate governance protocols to support the decision making process, at the heart of which is the necessity to promote the sustainable, long-term success of the Company, whilst having sufficient regard for stakeholders.

CRH has a number of group wide policies in place which are applicable to the Tarmac business and the Company specifically, which supports the Tarmac Way, and drives overall engagement with employees, shareholders and wider stakeholders across the Group, with the Circle, Tarmac's employee intranet site, acting as a key part of the Tarmac infrastructure for engagement with employees. Tarmac is committed to doing business in a sustainable, responsible and ethical manner, building lasting relationships based on trust and underpinned by integrity, honesty and respect for the law. All Tarmac employees, including the Company's directors, must read and abide by the CRH Code of Business Conduct, which provides guidance to assist employees uphold CRH's values and act ethically in our workplace, in our business practices and in our communities, and ultimately in our decision making. Tarmac employees are encouraged to 'Speak Up' if they see, hear or suspect something illegal, unethical or unsafe and have access to CRH's hotline to report, in confidence and anonymously if preferred, concerns about suspected impropriety or wrongdoing in any matters affecting the business. An independent hotline exists to facilitate this process.

Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Decision making and corporate governance process

Decision making within Tarmac is undertaken by the Company's board of directors (the "Board"), ExCom and CRH (as ultimate shareholder). Certain members of ExCom are also statutory directors of the Company. This cross-membership between the Board and ExCom ensures that there is a flow of information between the two decision making forums as the statutory directors receive updates, reports, detailed information and are party to decisions made by ExCom. ExCom meets regularly, and at the beginning of the Covid-19 pandemic and resulting national lockdowns, ExCom met more frequently to discuss and decide on matters as they were happening.

As set out in the Policy, the Company's Board has a robust set of reserved matters relevant and appropriate to its purpose and function, with appropriate thresholds, to ensure applicable approvals are obtained before certain actions/business decisions can be taken. The Policy also details what matters are delegated to ExCom and CRH (in its capacity as ultimate shareholder). These matters are strictly reserved to ensure the directors of the Boards can demonstrate sound and competent execution of their statutory duties (including oversight of the management of relationships and engagement with stakeholders on their behalf) in accordance with the Act and the Regulations and are driven by the need to promote the success of Tarmac. A key principle underlying these delegations is that the flow of delegation originates from the Board to ExCom or CRH. The Company's Board meets annually to confirm and ratify any decisions made on its behalf by CRH and/or ExCom that impact the Company's stakeholders or that are classified as principal decisions.

As detailed in the 'Directors' Training' section below, training and workshops were undertaken during 2019 and 2020, by directors, ExCom and senior management to understand the requirements of the Regulations and how the Policy would apply in relation to stakeholder engagement and the process for approving principal decisions, supplemented by Tarmac's principles-based approach to defining a principal decision. This training also informed the directors of future regulatory developments which the board will continue to monitor through the overarching corporate governance across the UK.

The Board processes that support the application of our corporate governance and decision making more widely, and Section 172 more specifically, require board paper preparers to ensure sufficient and relevant information is provided to the Board, ExCom and/or CRH. Board meetings and minutes demonstrate the relevant aspects of Section 172 are considered and appropriately addressed. The corporate governance process provides Tarmac with a framework to ensure everyone involved in and contributing to the decision making process understands the duties which the directors are obligated to consider in the decision making process and applicable regulations, to be able to provide relevant information and therefore lead to effective decision making.

Directors' training

The Group's Legal and Compliance programmes support the Group in operating sustainably and consistently with its values. The Group's Legal and Compliance team provides advice, guidance and support to management and works closely with them to provide training to our employees. Legal and Compliance provides support on a range of matters, including establishing policies and procedures, providing compliance training, communications and legal advice on compliance and business issues.

Employees and directors of the Group, which include the directors of the Company, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Modern Slavery, Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the directors to be committed to operating the business and making decisions to the highest ethical, moral and legal standards and putting the Group's values into practice in their daily duties.

Over the course of 2019 and 2020, all Board and ExCom members have received training on Section 172, other directors' statutory duties under the Act, along with an update on the Regulations and wider regulatory responsibilities, facilitated by the Company Secretary, to support them in their roles and discharging their responsibilities as statutory directors. Under the Policy, all newly appointed directors will receive director training within 3 months of being appointed and all directors will refresh their training at least once every calendar year. The provision of training will be facilitated by the Company's Legal Department.

Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Board and Executive Committee Composition

As an intermediate holding company within the Tarmac business, and in accordance with the Policy, the Company must have a minimum of three directors with representatives from the finance team and ExCom. The Company has five directors, three of whom are members of ExCom. ExCom membership is composed of regional managing directors (North and Scotland, Midlands and London, South East and Anglia, business-line managing directors (Cement, Lime and Packed Products, National Performance and Building Products, National Contracting and Land and Natural Resources) together with several functional directors (Strategy, Finance, HR and HSQE) as corresponds to the Board's profile below.

The composition of the Board provides a broad range of skills, knowledge and industry experience, including general management, finance, engineering and operations, to enable the Company to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard. In accordance with the Policy, individual directors must have sufficient capacity to make a valuable contribution to their role as a statutory director. In addition, and in line with Tarmac's regional operational structure, several directors of the Board are tasked with overseeing and managing Tarmac's business in certain geographical locations. This balance of skills and experience and oversight provides the Board with an understanding of the local areas and communities within which Tarmac operates and the needs of the businesses within it. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making.

ExCom comprises three of the statutory directors of the Company along with other members who are directors of other Tarmac group companies. This cross-membership between the Board and ExCom ensures a continuous flow of information between the two main decision making organs in the Tarmac business. During, and after the end of, the reporting period, changes were made to the Board's composition to strengthen and align legal entity and executive governance. The current directors, and their respective executive function are as follows:

The Board:

Bevan Browne: Managing Director of Building Products & National Commercial (appointed 30 November 2020)

Peter Buckley: Senior Vice President (appointed 30 March 2021)

John Delaney: Director of Group Finance and Business Planning (appointed 9 April 2021)

John Oliver Mahon: CRH Senior Vice President - Europe North (appointed 31 July 2015)

Johanna O'Driscoll: Finance Director (appointed 10 January 2018)

Michael Choules: Director of Financial Control & Planning (resigned 9 April 2021)

Jeremy Greenwood: Managing Director - National Commercial and Construction Solutions (resigned 30 November 2020)

Mark Joel: Managing Director Products Europe (resigned 3 February 2020)

Martin Riley: Senior Vice President (resigned 30 March 2021)

Before any director is appointed to the Board, both the Group and the composition principles in the Policy are consulted to ensure the composition of the Board is appropriate, taking into consideration the company categorisation, the skills and experience of the appointee and the overall diversity mix of the existing Board. Tarmac has an Inclusion and Diversity Policy which ensures critical roles have a full and diverse succession pipeline.

Tarmac Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal decisions

The Board, ExCom and the board of CRH have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term. Where a principal decision is being made the Policy should be consulted to determine the corporate governance processes and controls that should be followed.

Under the Policy, responsibility for making principal decisions is delegated to the board of CRH or members of ExCom except for decisions that cannot be delegated under the Act. A principal decision can include the following:

all matters that require CRH board approval;

- development of a new business service or product line;
- decisions that lead to a structural change in Tarmac's business operating model, requiring consultation with employees and or external stakeholders;
- significant divestments of property / business;
- material change in, or adoption of, a policy that dictates stakeholder considerations/engagement; and/or
- a significant obligation that would result in Tarmac undertaking legal risk and liability that would be out of the ordinary course of business.

In line with the Regulations and FRC guidance, and in accordance with the approach taken during the financial year under review, having considered the Company's principal risks and uncertainties as detailed in the strategic report, the Company made no principal decisions during the year ended 31 December 2020.

17-Dec-2021

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

DocuSigned by:

Johanna O'Driscoll

.....A2F636CBBDE1429.....

J O'Driscoll
Director

Tarmac Holdings Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their annual report and the financial statements of Tarmac Holdings Limited for the year ended 31 December 2020.

Directors of the Company

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

B J Browne (appointed 30 November 2020)

J O Mahon

J O'Driscoll

M J Choules (resigned 9 April 2021)

J M Greenwood (resigned 30 November 2020)

M W Joel (resigned 3 February 2020)

M K Riley (resigned 30 March 2021)

The following directors were appointed after the year end:

P Buckley (appointed 30 March 2021)

J M Delaney (appointed 9 April 2021)

Principal activity

The principal activity of the Company is that of an intermediate holding company. The Directors do not anticipate a change in this activity for the foreseeable future.

Dividends

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: £nil). During 2021 prior to the date these accounts were signed, the Company paid a dividend of £200 million to Cities Group Holdings Limited.

Political donations

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

Charitable donations

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

Employee Engagement Statement

The Company has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

Tarmac Holdings Limited

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

Environmental matters

As the UK's leading construction solutions and building materials business, Tarmac's products and services help to create the fabric of the infrastructure and buildings around us.

Sustainability remains a cornerstone to managing the long-term future of our business and plays a fundamental role in shaping our growth strategy. It also underpins our Group vision of being the world's leading building materials company. For Tarmac, it encompasses how we keep our people safe; how we build a business that people want to work for; and how we foster ever closer relationships with local communities around our sites. It considers how we manage our operations to optimise environmental, social and economic performance; how we ensure strong financial and ethical governance; and how we build stronger relationships with customers and anticipate their requirements.

Tarmac has continued to make good progress against its ambitious 2020 milestones. We are particularly proud of our continued progress on the development of young people as a member of the 5% Club, a dynamic movement of UK employers working to create 'earn as you learn' skills training opportunities. We were also extremely proud to have opened our National Skills and Safety Park – an industry leading training facility for our operational onboarding, professional training / assessments and health and safety learning. The Park represents a significant investment for Tarmac, demonstrating our commitment to building the right safety culture across our business and creating an enhanced learning experience for our employees.

During the year, we reinforced our focus on reducing our carbon emission, securing a long-term power purchase agreement to ensure that 100% of our electricity comes from clean, renewable sources.

Environmental matters (continued)

Our pledge to contribute to a circular economy through the efficient use of primary natural resources continued, with the reuse and recycling of around 7 million tonnes of waste and secondary materials from other businesses. And our sites and offices continued to maintain certification to ISO 14001, Environmental management standard, the Occupational Health and Safety Management Standard, ISO45001 and ISO 50001, the Energy Management Standard.

Our business has also continued to invest in and innovate the materials and services we provide to customers. In 2019 we were involved in some of the UK's most prestigious construction projects such as the resurfacing of Silverstone Grand Prix Circuit and have seen success in engaging customers in developing new construction solutions such as rubber modified asphalt, recycling and utilising rubber from old waste tyres. ULTILOW, a low temperature asphalt with a reduced carbon footprint and ULTIGRIP, skid-resistant asphalt, which delivers improved road safety and supports customer with whole-life cost savings.

We are now looking past 2020 to 2030 and beyond, developing a new ambitious strategy which will in part, seek to manage our transition to a low carbon future.

Tarmac is fully committed to supporting the UK's ambition of net-zero carbon emissions by 2050. As part of our commitment to lead our industry in reducing carbon emissions, we (CRH) have set a new carbon emissions reduction roadmap, targeting 520kg of net CO₂ per tonne of cementitious product by 2030, the most ambitious target in the industry, representing a 33% reduction compared with 1990 levels. In addition, we also have an ambition to achieve carbon neutrality along the cement and concrete value chain by 2050.

For more information on our approach, our Sustainability Report for 2019 will be available on:
<http://sustainability-report.tarmac.com>

Environmental report

The Company is a low energy user and as such has not disclosed information on energy and carbon.

Tarmac Holdings Limited

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

Local communities and partnerships

Local communities and partnership arrangements are managed on a Tarmac wide basis. Tarmac has a Sustainability Strategy in place which commits to delivering a net positive contribution to the communities that Tarmac operates in. Along with the contribution that Tarmac makes as a major employer and buyer of goods and services, Tarmac works hard to build local partnerships with community organisations to enhance biodiversity, support employment and education, and to build stronger community relations. As part of the commitment to deliver a net positive contribution, Tarmac actively seeks out engagement opportunities with local communities to explain Tarmac's activities, along with encouraging feedback. This includes a continued commitment to involving, engaging and consulting local communities in connection with plans for new operations or alterations to existing operations, prior to formal planning permission being sought. As such, a range of communication methods are in place for each operational site including community liaison groups, websites, site visits, newsletters and social media.

Future developments

The UK government has signalled their intention to invest in infrastructure to assist with the economic recovery from coronavirus. Therefore, the medium to long term prospects remain positive for the Company given the level of investment required and the confirmation the Government has given ongoing support to key infrastructure projects such as HS2.

The United Kingdom left the European Union on 31 January 2020. The effect of the withdrawal of the United Kingdom from the European Union has increased the volatility of the economies of the United Kingdom and the rest of Europe. It is expected that this uncertainty will have a limited impact on the Company and its related activities.

For information on the impact of the COVID-19 pandemic see Post balance sheet events.

Management remain focused on what can be controlled as a business and will continue to work towards investing in construction solutions for the future.

Finance risk management objectives and policies

Liquidity and cash flow risk - in order to maintain liquidity, the Company's funding requirements are under constant review. The Company is part of a Tarmac wide cash pooling arrangement and as such the cash is managed at a Tarmac level. Cash is able to be placed on deposit within the CRH Group cash pooling system which allows advantageous interest rates to be gained on-cash put on deposit. Cash placed with CRH is able to be accessed by Tarmac at any time;

Credit risk - the Company's principal financial assets are amounts owed by group companies. The Company has no significant concentration of credit risk;

Interest rate risk - the Company has interest rate exposure primarily on its amounts owed to Group undertakings. The Company has no significant further exposure to interest rate risk.

Finance risk policies are included in note 2.

Tarmac Holdings Limited

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

Going concern

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

The Company participates in a Group zero balancing cash pool arrangement. Each company participating in the cash pooling arrangement has cash automatically swept to/from its account on a daily basis so that the balance reverts to zero at the end of each day. For all companies within the Tarmac group, cash is swept to/from CRH (UK) Limited and balances are interest bearing.

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

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

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

Post balance sheet events

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

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

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

During 2021 prior to the date these accounts were signed, the Company paid a dividend of £200 million to Cities Group Holdings Limited. The dividend paid is a non-adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2020 financial statements.

Directors indemnities

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

Disclosure of information to the auditors

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

Tarmac Holdings Limited

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

Auditors

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

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

17-Dec-2021

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

DocuSigned by:

Johanna O'Driscoll

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J O'Driscoll

Director

Tarmac Holdings Limited

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Tarmac Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tarmac Holdings Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Profit and Loss Account;
- Statement of Comprehensive Income;
- Balance Sheet;
- Statement of Changes in Equity; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Tarmac Holdings Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Tarmac Holdings Limited (continued)

Report on other legal and regulatory requirements

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

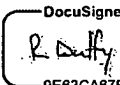
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:



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Ryan Duffy (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Birmingham, United Kingdom

17-Dec-2021

Date:.....

Tarmac Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ m	2019 £ m
Other operating income		<u>1.0</u>	<u>0.1</u>
Operating profit	5	1.0	0.1
Impairment in investment in subsidiaries		(387.6)	-
Interest receivable and similar income	6	1.3	5.0
Interest payable and similar expenses	7	<u>(3.1)</u>	<u>(4.7)</u>
(Loss)/profit before tax		(388.4)	0.4
Tax on (loss)/profit	9	<u>-</u>	<u>(0.3)</u>
(Loss)/profit for the year		<u>(388.4)</u>	<u>0.1</u>

The above results were derived from continuing operations.

Tarmac Holdings Limited**Statement of Comprehensive Income for the Year Ended 31 December 2020**

	2020	2019
	£ m	£ m
(Loss)/profit for the year	(388.4)	0.1
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive (expense)/income for the year	<u>(388.4)</u>	<u>0.1</u>

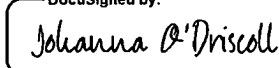
The notes on pages 21 to 38 form an integral part of these financial statements.

Tarmac Holdings Limited
(Registration number: 07533961)
Balance Sheet as at 31 December 2020

	Note	31 December 2020 £ m	31 December 2019 £ m
Non current assets			
Investments	10	<u>1,423.3</u>	<u>1,810.9</u>
		<u>1,423.3</u>	<u>1,810.9</u>
Current assets			
Debtors	11	<u>6.4</u>	<u>193.3</u>
		<u>6.4</u>	<u>193.3</u>
Creditors: Amounts falling due within one year	12	<u>(100.5)</u>	<u>(291.0)</u>
Net current liabilities		<u>(94.1)</u>	<u>(97.7)</u>
Total assets less current liabilities		<u>1,329.2</u>	<u>1,713.2</u>
Creditors: Amounts falling due after more than one year	13	<u>-</u>	<u>(0.6)</u>
Provisions for liabilities	14	<u>(5.0)</u>	<u>-</u>
Total liabilities		<u>(105.5)</u>	<u>(291.6)</u>
Net assets		<u>1,324.2</u>	<u>1,712.6</u>
Capital and reserves			
Share capital	15	-	-
Profit and loss account	16	<u>1,324.2</u>	<u>1,712.6</u>
Shareholders' funds		<u>1,324.2</u>	<u>1,712.6</u>

17-Dec-2021

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

DocuSigned by:

 A2F636GB8DE442B.....
 J O'Driscoll
 Director

Tarmac Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ m	Profit and loss account £ m	Total £ m
At 1 January 2019	-	1,712.5	1,712.5
Profit for the year	-	0.1	0.1
Total comprehensive income	-	0.1	0.1
At 31 December 2019	-	1,712.6	1,712.6

	Share capital £ m	Profit and loss account £ m	Total £ m
At 1 January 2020	-	1,712.6	1,712.6
Loss for the year	-	(388.4)	(388.4)
Total comprehensive expense	-	(388.4)	(388.4)
At 31 December 2020	-	1,324.2	1,324.2

Tarmac Holdings Limited

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

1 General information

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

The address of its registered office is:

Portland House
Bickenhill Lane
Solihull
B37 7BQ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

Going concern

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

The Company participates in a Group zero balancing cash pool arrangement. Each company participating in the cash pooling arrangement has cash automatically swept to/from its account on a daily basis so that the balance reverts to zero at the end of each day. For all companies within the Tarmac group, cash is swept to/from CRH (UK) Limited and balances are interest bearing.

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

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

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

Tarmac Holdings Limited

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

2 Accounting policies (continued)

Summary of disclosure exemptions

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 16, 38A, 38C, 38D, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f) (ii), 130(f) (iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of CRH plc. The group accounts of CRH plc are available to the public and can be obtained as set out in note 18.

Changes in accounting policy

New standards, interpretations and amendments effective

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

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

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

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

Tarmac Holdings Limited

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

2 Accounting policies (continued)

Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Investments

Investments in subsidiaries, jointly controlled entities and associates are shown at cost less provision for impairment.

A jointly controlled entity is an entity in which the Company holds an interest with one or more other parties where a contractual arrangement has established joint control over the entity.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Tarmac Holdings Limited

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

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Classification and measurement

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

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

Financial assets

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

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

Financial liabilities

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Tarmac Holdings Limited

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

2 Accounting policies (continued)

Financial liabilities

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

Impairment of financial assets

Financial assets

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

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

The following are areas of judgement:

Provisions

Judgement is required in determining whether the Company has a present obligation and whether it is probable that an outflow of economic benefits will be required to settle this obligation. This judgement is applied to information available at the time of determining the liability including but not limited to judgements around interpretations of legislation, regulations, case law and insurance contracts depending on the nature of the provision.

Impairment of investments

At each reporting date, or where decisions are made to alter the industrial footprint of the Company's operations (such that sites are either closed, mothballed or identified for sale), the Company reviews the carrying amounts of its tangible assets and investments to determine whether there is any indication that those assets require impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment required (if any).

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

Further details on impairment of investments in subsidiaries are disclosed in note 10.

Tarmac Holdings Limited

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

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

The following are areas of estimation uncertainty:

Estimation uncertainty considerations for provisions and impairment are included in the judgements section above.

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2020 £ m	2019 £ m
Gain (loss) from disposals of investments	(387.6)	-

5 Operating (loss)/profit

Auditor's remuneration of £46,000 (2019: £53,500) for the auditing of the financial statements is borne by a fellow group company. There were no non audit services provided in either year.

6 Interest receivable and similar income

	2020 £ m	2019 £ m
Interest income on bank deposits	1.2	3.9
Interest receivable from Group companies	0.1	1.1
	<u>1.3</u>	<u>5.0</u>

7 Interest payable and similar expenses

	2020 £ m	2019 £ m
Interest on bank overdrafts and borrowings	1.5	4.7
Interest paid to Group companies	1.6	-
	<u>3.1</u>	<u>4.7</u>

8 Staff costs

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

The emoluments of the Directors are paid by another group company as their services to the Company are incidental to their services provided to other group companies. One Director is paid by another CRH group entity and it is not practicable to split their remuneration between Tarmac subsidiaries for the services rendered to these entities. The Directors salary and any associated accrued benefits are paid by CRH Group Services Limited.

Tarmac Holdings Limited

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

9 Tax on (loss)/profit

Tax charged in the profit and loss account

	2020 £ m	2019 £ m
Current taxation		
UK corporation tax adjustment to prior periods	-	0.3

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

	2020 £ m	2019 £ m
(Loss)/profit before tax	(388.4)	0.4
Tax at the standard rate of UK corporation tax of 19% (2019: 19%)	(73.8)	0.1
Increase in current tax from adjustment for prior periods	-	0.3
Income not taxable	(0.1)	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	73.6	-
Effects of group relief	0.4	0.5
Transfer pricing adjustments	(0.1)	(0.6)
Total tax charge	-	0.3

Group relief within Tarmac is surrendered free of charge.

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

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

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

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

Tarmac Holdings Limited

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

10 Investments

Subsidiaries	£ m
Cost	
At 1 January 2020	3,123.2
At 31 December 2020	3,123.2
Provision	
At 1 January 2020	1,312.3
Provision	387.6
At 31 December 2020	1,699.9
Carrying amount	
At 31 December 2020	1,423.3
At 31 December 2019	1,810.9

No dividends were received from subsidiaries during the year (2019: £nil).

The carrying values of investments as at 31 December 2020 have been compared to their recoverable amounts, represented by their value in use in the group and some impairments were found to be required, which have been made accordingly. For any holding companies this was represented by the underlying net asset position of the subsidiary and for any trading companies this was determined using cash flow projections from financial budgets and forecasts approved by senior management. The total impairment required for 2020 was £387.6 million.

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

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

Name of subsidiary	Registered office	Proportion of ownership % 2020	2019
Tarmac Trading Limited*		100%	100%
Tarmac Cement and Lime Limited*		100%	100%
Tarmac Aggregates Limited*		100%	100%
Tarmac Building Products Limited*	Interchange 10 Railway Drive, Wolverhampton, WV1 1LH	100%	100%
Aberthaw Cement Limited		100%	100%
Ace Minimix Limited (dissolved 17 March 2021)		100%	100%
Aggregate Direct Limited		100%	100%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Alun Griffiths (Contractors) Limited	Waterways House, Merthyr Road, Llanfoist, Abergavenny, Monmouthshire, United Kingdom, NP7 9PE	100%	100%
Anymix Limited		100%	100%
Associated Portland Cement Manufacturers (1978) Limited (The)		100%	100%
Ball Mill Sand and Gravel Company Limited		100%	100%
BDP Surfacing Limited		100%	100%
Beasley Coated Stone Limited		100%	100%
Bettamix Limited		100%	100%
Blue Circle Dartford Estates Limited		100%	100%
Blue Circle Developments Limited		100%	100%
Blue Circle Investments Limited		100%	100%
Blue Circle Properties Limited		100%	100%
Blue Circle Residential Estates Limited		100%	100%
Blue Circle Share Shop Limited		100%	100%
Bodfari (Quarries) Limited		100%	100%
Bodfari Quarry Products Limited		100%	100%
Bothwell Park Brick Company Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Bowne & Shaw Limited		100%	100%
Brady Industries Limited		100%	100%
Briggs Amasco Curtainwall Limited		100%	100%
Bristol Aggregates Recycling Limited		100%	100%
British Portland Cement Association Limited (The)		100%	100%
Busy Bees Limited		100%	100%
Buxton Lime and Cement Limited		100%	100%
Buxton Lime Industries Limited		100%	100%
Cambrian Stone Limited		100%	100%
Cannock Recycling Limited		100%	100%
Cempak Limited		100%	100%
CMS-Pozament Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Compass Aggregates Limited		100%	100%
Craven Street Developments Limited		100%	100%
Croxden Quarries Limited		100%	100%
Dow Mac Limited		100%	100%
E. Butler & Sons (Maltby) Limited (dissolved 17 March 2021)		100%	100%
E. G. Coleman (Weymouth) Limited		100%	100%
East Coast Slag Products Limited		100%	100%
Charles Smith Sons & Co Limited (dissolved 17 March 2021)		100%	100%
Elstow Asphalt Limited (dissolved 17 March 2021)		100%	100%
Ennemix Holdings Limited		99.94%	99.94%
Ennemix plc		99.94%	99.94%
Environmental Aggregates Limited		100%	100%
Francis Parker Land Limited		100%	100%
Francis Parker Limited		100%	100%
Francis Parker Properties Limited		100%	100%
Greater London Asphalt Limited		100%	100%
Harlow Asphalt Limited		100%	100%
Hepplewhite Quarries & Plant Hire Limited (dissolved 17 March 2021)		100%	100%
Hilton Property Holdings Limited		100%	100%
Holme Hall Quarries Limited		100%	100%
Hopkins Concrete Limited		100%	100%
J.B. Riney and Co. Limited	455 Wick Lane, London, United Kingdom, E3 2TB	100%	100%
Jee's Hartshill Limited		100%	100%
Kings & Company Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Lignacite (Trade Mark) Limited		83.33%	83.33%
Lime-Sand Mortar (Southern) Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
LTM (City of London) Limited		100%	100%
LTM (City of Westminster) Limited		100%	100%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
LTM (Southern) Limited		100%	100%
LTM (Western) Limited		100%	100%
LTM Crewing Services Limited		100%	100%
Medway Valley Park Limited		100%	100%
Minimix Limited		100%	100%
Moreys (Verwood) Limited		100%	100%
Nash Rocks Stone and Lime Company Limited		100%	100%
National Road Planing Limited		100%	100%
New London Road Developments Limited		100%	100%
North Notts Gravel Company Limited		100%	100%
Panvers Limited		100%	100%
Plasterboard Direct Limited		100%	100%
Pozament Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Providethat Limited		100%	100%
Purple Alpha Limited	Waterways House Merthyr Road, Llanfoist, Abergavenny, Monmouthshire, United Kingdom, NP7 9PE	100%	100%
R. H. Roadstone Limited		100%	100%
R.R. Land Investments Limited		100%	100%
Raisby Quarries Limited		100%	100%
Redland Limited		100%	100%
Redland Minerals Limited		100%	100%
Redland Properties Limited		100%	100%
Redland Property Holdings Limited		100%	100%
Redland Readymix Holdings Limited		100%	100%
Richard Abel & Sons Limited		100%	100%
Ritemix Concrete Limited		100%	100%
Roseland Aggregates Limited		100%	100%
S. G. Baldwin Limited		100%	100%
Sapphire Energy Recovery Limited		100%	100%
ScotAsh Limited		100%	100%
Scunthorpe Slag Limited		100%	100%
Severn Valley Brick Company Limited		100%	100%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Site Mixed Concrete Limited		100%	100%
Situsec Contractors Limited		100%	100%
Solent Aggregates Limited		100%	100%
Steetley Construction Materials Limited		100%	100%
Steetley Engineering Limited (dissolved 17 March 2021)		100%	100%
Steetley Quarry Products Limited		100%	100%
Tarmac (BA) Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Tarmac (South Western) Limited		100%	100%
Tarmac (SQ) Limited		100%	100%
Tarmac Asphalt Limited		100%	100%
Tarmac Bricks & Tiles Limited		100%	100%
Tarmac Bristol Recycled Aggregates Limited (dissolved 17 March 2021)		100%	100%
Tarmac Brookglade Properties Public Limited Company		100%	100%
Tarmac Building Materials Limited		100%	100%
Tarmac Burford (Southern) Limited		100%	100%
Tarmac Caledonian Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Tarmac Central Limited		100%	100%
Tarmac Charcon Limited (dissolved 17 March 2021)		100%	100%
Tarmac Concrete Products Limited		100%	100%
Tarmac DC Pension Trustee Limited		100%	100%
Tarmac Directors (UK) Limited		100%	100%
Tarmac Fleming (Quarries) Limited	One Spencer Dock, North Wall Quay, Dublin 1, D01 X9R7. Ireland	100%	100%
Tarmac Group Cement and Lime Limited		100%	100%
Tarmac Group Limited*		100%	100%
Tarmac Highway Services Limited (dissolved 17 March 2021)		100%	100%
Tarmac Holdings (THL) Limited		100%	100%
Tarmac Industrial Minerals Holdings Limited*		100%	100%
Tarmac Industrial Minerals Limited		100%	100%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Tarmac Industrial Products Limited		100%	100%
Tarmac Leasing Limited		100%	100%
Tarmac Limited		100%	100%
Tarmac Marine (Guernsey) Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100%	100%
Tarmac Marine Limited		100%	100%
Tarmac Minerals Limited		100%	100%
Tarmac Minimix Limited		100%	100%
Tarmac Nominees Limited		100%	100%
Tarmac Nominees Two Limited		100%	100%
Tarmac Northern Limited		100%	100%
Tarmac Properties (JMA) Limited		100%	100%
Tarmac Properties Home Counties Limited		100%	100%
Tarmac Properties Limited		100%	100%
Tarmac Provincial Properties Limited		100%	100%
Tarmac Quarry Products (Ireland) Limited	One Spencer Dock, North Wall Quay, Dublin 1, D01 X9R7, Ireland	100%	100%
Tarmac Recycled Aggregates Limited (dissolved 17 March 2021)		100%	100%
Tarmac Recycling Services Limited		100%	100%
Tarmac Roadstone Holdings Limited		100%	100%
Tarmac Roadstone Limited		100%	100%
Tarmac Roadstone Nominees Limited		100%	100%
Tarmac Secretaries (UK) Limited		100%	100%
Tarmac Services Limited*		100%	100%
Tarmac Shelfco 3 Limited		100%	100%
Tarmac Structural Concrete Limited		100%	100%
Tarmac Topblock Limited		100%	100%
Tarmac Topflight Limited		100%	100%
Tarmac Toplite Limited		100%	100%
Tarmac Topmix Limited		100%	100%
Tarmac Trustees Limited		100%	100%
Tarmac UK Holdings Limited		100%	100%
Tarmac UK Limited		100%	100%
Tarmac Western Limited		100%	100%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Tayestone Recycled Aggregates Limited (dissolved 17 March 2021)		100%	100%
TCR Aggregates Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Teesside Slag Limited		100%	100%
The Northumberland Whinstone Company Limited		100%	100%
Thermodeck Limited		100%	100%
Tilcon (North) Limited		100%	100%
Tilcon Holdings Limited		100%	100%
Tilcon Scotland Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	100%	100%
Tilcon Services Limited		100%	100%
Tilling Construction Services Limited		100%	100%
Tipton Group Limited		100%	100%
Tipton Holdings Limited		100%	100%
Topmix (Mortars) Limited		100%	100%
Topmix Limited		100%	100%
Trevians Limited		100%	100%
United Marine Aggregates Limited		100%	100%
Val de Travers Asphalte Limited		100%	100%
Vicourt Limited		100%	100%
W.J.Hall & Sons (Gorleston) Limited		100%	100%
Waddington Fell Quarries (Holdings) Limited (dissolved 17 March 2021)		100%	100%
Waddington Fell Quarries Limited (in liquidation)		100%	100%
Wales and Border Counties Plant Hire Limited	Waterways House, Merthyr Road, Llanfoist, Abergavenny, Monmouthshire, United Kingdom, NP7 9PE	100%	100%
Welsh Aggregates Limited		100%	100%
Wildmount Properties Limited (in liquidation)		100%	100%
Winnix Limited		100%	100%
Argot Properties Limited		50%	50%
Barker & Bence Limited		50%	50%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Brett Tarmac Limited		50%	50%
Broadhill Developments Limited		50%	50%
C. & H. Quick-Mix Limited	9-11 Drayton High Road, Drayton, Norwich, Norfolk, NR8 6AH	50%	50%
Foxholes Business Park Limited		50%	50%
Island Barn Aggregates Limited		50%	50%
Isle of Wight Aggregates Limited		50%	50%
LAL-GRS Limited		50%	50%
Linear Quarry Products Limited	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	50%	50%
Link Way Management Company Limited		51%	51%
Mersey Sand Suppliers (unincorporated)	Principal place of business: Bramley Moor Dock, Regent Road, Liverpool, Merseyside, L3 0AP, England	50%	50%
Minevote Public Limited Company	7a Howick Place, London, SW1P 1DZ, England	50%	50%
North Tyne Roadstone Limited		50%	50%
GRS Rail Services Limited		62.5%	62.5%
GRS Roadstone Group Limited	Unit 10 Goldsmith Way, Eliot Business Park, Nuneaton, Warwickshire, CV10 7RJ	25%	25%
Mersey Sand Suppliers Limited		50%	50%
Norwest Sand & Ballast Co. (1985)		50%	50%
Norwest Sand & Ballast Company Limited		50%	50%
Oval (302) Limited		50%	50%
Peel Lamp Properties Limited	Venus Building 1 Old Park Lane, Traffordcity, Manchester, England, M41 7HA	50%	50%
Prestige Sports Surfaces Limited		50%	50%
Processing Ash LLP (in liquidation)	1020 Eskdale Road Winnersh, Wokingham, RG41 5TS	50%	50%
Schofield Centre Limited		50%	50%

Tarmac Holdings Limited

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

10 Investments (continued)

Name of subsidiary	Registered office	Proportion of ownership %	
		2020	2019
Shepperton Aggregates Limited		50%	50%
South Kensington Developments Limited		50%	50%
Tarmac Benchmark Developments Limited		50%	50%
Tarmac Clayform Limited	7a Howick Place, London, SW1P 1DZ, England	50%	50%
Tarmac Farrans JV Limited	99 Kingsway, Dunmurry, Belfast, United Kingdom, BT17 9NU	50%	50%
Tarmac Guildford Limited		50%	50%
Tendley Quarries Limited	Brigham, Cockermouth, Cumbria, CA13 0SE, England	50%	50%
West Lothian Recycling Limited (dissolved 8 April 2021)	Cambusnethan House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3NJ, Scotland	50%	50%
White Lion Walk Limited		50%	50%

* indicates direct investment

11 Debtors

	31 December 2020 £ m	31 December 2019 £ m
Amounts owed by group companies	2.9	186.8
Corporation tax receivable	3.5	6.5
	6.4	193.3

Amounts owed by fellow group companies have no fixed repayment date and are repayable on demand. Interest is charged as follows: On the loan due from CRH (UK) Limited, a fellow subsidiary of CRH plc, interest is charged at UK base rate. On the loan to Tarmac Building Products Limited, a fellow subsidiary of CRH plc, interest is charged at the UK base rate plus 2.0%. No interest is charged on the amounts due from other group companies.

12 Creditors: Amounts due in less than one year

	31 December 2020 £ m	31 December 2019 £ m
Amounts owed to group companies	100.5	193.0
Bank overdrafts	-	92.9
Corporation tax	-	5.1
	100.5	291.0

Tarmac Holdings Limited

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

12 Creditors: Amounts due in less than one year (continued)

Amounts owed to group companies have no fixed repayment date. Interest is charged on the amounts due to CRH (UK) Limited, a fellow subsidiary of CRH plc, for the zero balancing cash pool arrangement, interest is charged at the Bank of England base rate plus 1.5%.

13 Creditors - amounts falling due after more than one year

	31 December 2020 £ m	31 December 2019 £ m
Corporation tax	-	0.6

Corporation tax payments due after more than 1 year relate to payments due to the previous shareholders for the utilisation of capital losses.

14 Other provisions

	Other provisions £ m
At 1 January 2020	-
Additional provisions	5.0
At 31 December 2020	5.0

Other provisions relate to amounts provided in respect of historic commercial transactions.

15 Share capital

The Company has one class of ordinary shares which carry no right to fixed income.

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

16 Reserves

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

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

Details of all movements in reserves are shown in the Statement of Changes in Equity on page 20.

17 Contingent liabilities

The Company was formerly part of a composite accounting agreement with certain of Tarmac's subsidiaries, whereby each has offered a limited guarantee in respect of the others' overdraft borrowings from time to time. This arrangement is no longer in place as at 31 December 2020. The Company's maximum liability at 31 December 2019 was £nil.

Tarmac Holdings Limited

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

18 Parent and ultimate parent undertaking

The Company's immediate parent is Cities Group Holdings Limited.

The ultimate parent and controlling party is CRH plc.

Relationship between entity and parents

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

The address of CRH plc is:

42 Fitzwilliam Square,
Dublin,
D02 R279,
Ireland

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

19 Post balance sheet events

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

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

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

During 2021 prior to the date these accounts were signed, the Company paid a dividend of £200 million to Cities Group Holdings Limited. The dividend paid is a non-adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2020 financial statements.