

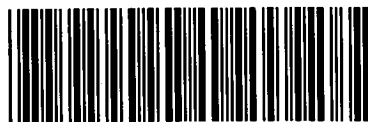
Registered number: 00488067

**HANSON BUILDING MATERIALS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **HANSON BUILDING MATERIALS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	N Benning-Prince R C Dowley E A Gretton Dr C M Wendt (resigned 5 January 2022) A Quilez Somolinos (appointed 5 January 2022)
<b>Company secretary</b>	W F Rogers
<b>Registered number</b>	00488067
<b>Registered office</b>	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

# **HANSON BUILDING MATERIALS LIMITED**

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## **HANSON BUILDING MATERIALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **Principal activity and business review**

The principal activity of the Company is that of a group investment holding company. The Company also acts as trustee of dissenter funds arising from previous takeovers and bears costs relating to its legacy business, including the Hanson No.2 Pension Scheme and the UURBS, and legal and other administrative costs.

During the year the Company also received income from other group companies in respect of services provided to and costs borne by the Company and reduced its provision for post - employment benefits to former employees.

On 14 December 2021 the Company subscribed for an additional 28,000,000 ordinary shares of £1 each in its wholly owned subsidiary, Hanson Aggregates UK Limited, of which £0.01 per share was called and paid, a total of £280,000. At the year-end the Company impaired its investment in Hanson Aggregates UK Limited by £128,000 to bring the carrying value of the investment in line with its underlying net assets. This has been treated as an exceptional item.

The Company paid into court dissenters funds arising from takeovers by the Company and its subsidiaries in previous years.

#### **Principal risks and uncertainties**

##### **Group undertakings**

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

##### **Defined benefit pension risk**

The Company is the principal employer of a defined benefit scheme, which is closed to future accrual. The amounts reported in the accounts for the Hanson No.2 Scheme is based on advice from independent actuaries.

Results under IAS 19 can change dramatically depending on market conditions, and will lead to volatility in the net pension asset on the Company's Balance Sheet and in Other Comprehensive Income. The actuarial assumptions have been set so that they represent a best estimate of future experience from the Hanson No.2 Pension Scheme and the UURBS (the "Schemes"). In practice, the true costs for the Schemes could be different to those shown.

The Scheme exposes the Company to a number of risks, the most significant of which are:

- Asset volatility - the Main Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.
- Inflation risk - A significant proportion of the Scheme's benefit obligations are linked to inflation. Meanwhile, the majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy - The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

## **HANSON BUILDING MATERIALS LIMITED**

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

#### **Results and dividends**

The loss for the year, after taxation, amounted to £4,173,000 (2020 - £3,373,000).

During the year, the Company incurred net actuarial gains of £410,000 (2020 - loss of £450,000), included within Other comprehensive income.

The Directors do not recommend the payment of a final dividend (2020 - £nil).

#### **Post balance sheet events**

After the year-end, an indirect subsidiary, CHB Products Limited, waived its right to receive £1,997,500,000 of the intercompany balance of £1,999,962,000 owed by the Company to CHB Products Limited. As a result the Company impaired its investment in Hanson Aggregates UK Limited by £1,997,500,000.

#### **Future developments**

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

#### **Going concern**

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

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

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

#### **Directors**

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

N Benning-Prince  
R C Dowley  
E A Gretton  
Dr C M Wendt (resigned 5 January 2022)  
A Quilez Somolinos (appointed 5 January 2022)

#### **Directors' indemnity**

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

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

**HANSON BUILDING MATERIALS LIMITED**

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

**Disclosure of information to auditors**

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

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

**Independent auditors**

PricewaterhouseCoopers LLP having indicated their willingness to act will continue in office, as auditors of the Company, in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 20 January 2023 and signed on its behalf.



**W F Rogers**  
Secretary

## HANSON BUILDING MATERIALS LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 have 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

The Responsibilities Statement was approved by the board on 20 January 2023 and signed on its behalf.



**W F Rogers**  
Secretary

# Report on the audit of the financial statements

## Opinion

In our opinion, Hanson Building Materials Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

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

## Independence

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

## Conclusions relating to going concern

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

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

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

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

## **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the Directors for the financial statements**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

## **HANSON BUILDING MATERIALS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED**

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

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

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

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

#### **Use of this report**

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

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

**HANSON BUILDING MATERIALS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED**

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

*Stuart Couch*

Stuart Couch (Senior statutory auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
Date: 23 January 2023

## HANSON BUILDING MATERIALS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Administrative expenses		(4,621)	(3,695)
Exceptional items - impairment of fixed asset investments	7	(128)	(210)
Other operating income	3	650	651
<b>Operating loss</b>	4	<b>(4,099)</b>	<b>(3,254)</b>
Interest payable and expenses	8	(25)	(36)
Other finance expense	17	(49)	(83)
<b>Loss before tax</b>		<b>(4,173)</b>	<b>(3,373)</b>
Tax on loss	9	-	-
<b>Loss for the financial year</b>		<b>(4,173)</b>	<b>(3,373)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial (losses)/gains on defined benefit schemes	17	(8,570)	3,392
Pension surplus/(deficit) not recognised	17	8,980	(3,842)
		410	(450)
<b>Total comprehensive expense for the year</b>		<b>(3,763)</b>	<b>(3,823)</b>

All amounts relate to continuing operations.

The notes on pages 12 to 28 form part of these financial statements.

**HANSON BUILDING MATERIALS LIMITED**  
**REGISTERED NUMBER: 00488067**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	10	2,000,257	2,000,105
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	3,192,524	3,196,659
Creditors: amounts falling due within one year	12	(2,022,227)	(2,021,839)
<b>Net current assets</b>		<u>1,170,297</u>	<u>1,174,820</u>
<b>Total assets less current liabilities</b>		<u>3,170,554</u>	<u>3,174,925</u>
<b>Provisions for liabilities</b>			
Other provisions	14	(1,449)	(1,573)
		<u>(1,449)</u>	<u>(1,573)</u>
<b>Net assets excluding pension liability</b>		<u>3,169,105</u>	<u>3,173,352</u>
Pension liability	17	(3,353)	(3,837)
<b>Net assets</b>		<u><u>3,165,752</u></u>	<u><u>3,169,515</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	1,473,938	1,473,938
Share premium account		1,493,072	1,493,072
Other reserves	15	281,214	281,214
Profit and loss account		(82,472)	(78,709)
<b>Total equity</b>		<u><u>3,165,752</u></u>	<u><u>3,169,515</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 January 2023.



**N Benning-Prince**  
 Director

The notes on pages 12 to 28 form part of these financial statements.

**HANSON BUILDING MATERIALS LIMITED**

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

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2020</b>	1,473,938	1,493,072	281,214	(74,886)	3,173,338
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(3,373)	(3,373)
Actuarial losses on pension scheme	-	-	-	(450)	(450)
<b>Total comprehensive expense for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,823)</u>	<u>(3,823)</u>
<b>At 1 January 2021</b>	<u>1,473,938</u>	<u>1,493,072</u>	<u>281,214</u>	<u>(78,709)</u>	<u>3,169,515</u>
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(4,173)	(4,173)
Actuarial gains on pension scheme	-	-	-	410	410
<b>Total comprehensive expense for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,763)</u>	<u>(3,763)</u>
<b>At 31 December 2021</b>	<u><u>1,473,938</u></u>	<u><u>1,493,072</u></u>	<u><u>281,214</u></u>	<u><u>(82,472)</u></u>	<u><u>3,165,752</u></u>

The notes on pages 12 to 28 form part of these financial statements.

## HANSON BUILDING MATERIALS LIMITED

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

#### 1. Accounting policies

##### 1.1 General information

Hanson Building Materials Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Company Information.

##### 1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

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

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

##### 1.3 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of HeidelbergCement AG as at 31 December 2021 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

## HANSON BUILDING MATERIALS LIMITED

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

#### 1. Accounting policies (continued)

##### 1.4 Going concern

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

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

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

##### 1.5 Investments

Investments in subsidiaries and other investments are held at cost less provision for impairment.

##### 1.6 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is Sterling.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'Other finance income or expenses'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

## **HANSON BUILDING MATERIALS LIMITED**

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

#### **1. Accounting policies (continued)**

##### **1.7 Pensions**

The Company participates in the Hanson No.2 Pension Scheme and the UURBS Scheme, which are of the funded defined benefit type that share risks between entities which are under common control. Funds are held externally under the supervision of the corporate trustees.

Management has determined that no contractual agreement or stated policy exists for charging to individual group entities the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 'Employee Benefits', as a result, the net defined benefit cost is recognised in these financial statements as the Company bears the risks relating to the plan and is considered the principal sponsoring employer.

##### **1.8 Interest bearing loans and borrowings**

All interest bearing loans and borrowings are initially recognised as the net proceeds received. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payment made in respect of the debt in the period.

##### **1.9 Financial instruments**

###### **Financial assets**

Financial assets are initially measured at fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs.

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

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

###### **Impairment of financial assets**

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

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

- At the initial recognition of the financial asset an expected credit loss provision is recorded for the twelve month period following the reporting date. Any interest revenue is calculated on the gross carrying amount of the financial asset.

## **HANSON BUILDING MATERIALS LIMITED**

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

#### **1. Accounting policies (continued)**

##### **1.9 Financial instruments (continued)**

###### **Impairment of financial assets (continued)**

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

• If objective evidence of impairment exists, a loss allowance for full lifetime expected credit losses is recognised. Any interest revenue is calculated on the net carrying amount of the financial asset.

###### **Financial liabilities**

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

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

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

###### **Offsetting of financial instruments**

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

##### **1.10 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## HANSON BUILDING MATERIALS LIMITED

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

#### 1. Accounting policies (continued)

##### 1.11 Current and deferred taxation

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

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

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

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

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

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

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

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

##### 1.12 Exceptional items

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

## HANSON BUILDING MATERIALS LIMITED

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

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

##### Impairment of investments

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

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

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

##### Recoverability of amounts owed by group undertakings

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

#### 3. Other operating income

	2021 £000	2020 £000
Management services to group companies	650	651

#### 4. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Increase/(decrease) in other post employment provisions	(60)	142

#### 5. Auditors' remuneration

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

#### 6. Directors' remuneration

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £920,000 (2020 - £918,000), which was paid by various fellow subsidiaries. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

## HANSON BUILDING MATERIALS LIMITED

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

#### 7. Exceptional items

	2021 £000	2020 £000
Impairment of fixed asset investments	128	210

In the current year an impairment of £128,000 (2020: £210,000) was recognised against the Company's investment in Hanson Aggregates UK Limited to bring the carrying value of the investment in line with its underlying net assets.

#### 8. Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings	6	6
Other interest payable	19	30
	<u>25</u>	<u>36</u>

#### 9. Tax

	2021 £000	2020 £000
<b>Current tax</b>		
Current UK corporation tax on loss for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

## HANSON BUILDING MATERIALS LIMITED

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

#### 9. Tax (continued)

##### Reconciliation of the tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(4,173)	(3,373)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	(793)	(641)
<b>Effects of:</b>		
Non-tax deductible impairment	-	(270)
Expenses not deductible for tax purposes	24	40
Deferred tax asset not recognised	(183)	(178)
Group relief	(184)	(658)
Transfer pricing adjustments	1,136	1,707
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

##### Change in corporation tax rate

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

## HANSON BUILDING MATERIALS LIMITED

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

#### 10. Fixed asset investments

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 1 January 2021	8,392,960
Additions	280
At 31 December 2021	<u>8,393,240</u>
<b>Impairment</b>	
At 1 January 2021	6,392,855
Charge for the period	128
At 31 December 2021	<u>6,392,983</u>
<b>Net book value</b>	
At 31 December 2021	<u>2,000,257</u>
At 31 December 2020	<u>2,000,105</u>

On 14 December 2021 the Company subscribed for an additional 28,000,000 ordinary shares of £1 each in its wholly owned subsidiary, Hanson Aggregates UK Limited, of which £0.01 per share was called and paid, a total of £280,000.

An impairment of £128,000 has been recognised against the Company's investment in Hanson Aggregates UK Limited to bring the carrying value of the investment in line with its underlying net assets.

## HANSON BUILDING MATERIALS LIMITED

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

#### 10. Fixed asset investments (continued)

##### Direct subsidiary undertakings and investments

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

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hanson (FP) Limited	England and Wales	Ordinary	100%	Investment holding company
Hanson Aggregates UK Limited	England and Wales	Ordinary	100%	Investment holding company
National Star Brick and Tile Holdings Limited	England and Wales	Ordinary	100%	Group finance company
City of London Heliport Limited	England and Wales	Preference	100%	
Hanson Trustees Limited	England and Wales	Ordinary	56%	Dormant
Hanson (MR) Limited	England and Wales	Ordinary	100%	Dormant
			0%	Group finance company

After the year end the Company disposed of its investment in Hanson (MR) Limited to an intermediate parent.

##### Indirect subsidiary undertakings

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

Name	Country of incorporation	Class of shares	Holding	Principal activity
Viewgrove Investments Limited	England and Wales	Ordinary	100%	Dormant
		Preference	100%	
St Jude S.à r.l	Luxembourg	Ordinary	100%	Investment holding company
CHB Products Limited	England and Wales	'A' Ordinary	100%	Group finance company
		'B' Ordinary	100%	
Hanson Iceland EHF	Iceland	Ordinary	100%	Investment holding company
Amangani SA	Panama	Ordinary	100%	Investment holding company
Hanson Green Limited*	Bermuda	Ordinary	100%	Group finance company

\* Registered as a UK establishment.

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

The registered office of Hanson Green Limited is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The registered office of St Jude S.à r.l is 5, rue des Primeurs, Strassen 2361, Luxembourg. St Jude S.à r.l. was placed in members voluntary liquidation on 24 February 2022.

The registered office of Hanson Iceland EHF is Hofdatorg, 18th Floor, Reykjavík, 105, Iceland.

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

## HANSON BUILDING MATERIALS LIMITED

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

#### 11. Debtors

	2021 £000	2020 £000
<b>Due within one year</b>		
Amounts owed by group undertakings	3,192,524	3,196,659

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

#### 12. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	2,017,692	2,017,963
Other taxation and social security	49	34
Accruals and deferred income	4,486	3,842

Included within amounts owed by group undertakings is an amount of £1,028,000 (2020 - £1,296,000) which accrues interest at overnight GBP LIBOR and is yet to transition to SONIA (Sterling Overnight Index Average). The remaining amounts owed to group undertakings are interest free. All amounts owed to group undertakings are unsecured and repayable on demand.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. SONIA replaced GBP LIBOR on 1 January 2022. There are key differences between GBP LIBOR and SONIA. GBP LIBOR is a 'term rate', which means that it is published for a borrowing period (such as three months or six months) and is 'forward looking', because it is published at the beginning of the borrowing period. SONIA is a 'backward-looking' rate, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which SONIA currently does not. To transition existing contracts and agreements that reference GBP LIBOR to SONIA, adjustments for term differences and credit differences will need to be applied to SONIA, to enable the two benchmark rates to be economically equivalent on transition.

The replacement of LIBOR is not expected to materially impact the financial statements of the entity when adopted in 2022. No other changes to the terms of the floating-rate instruments are anticipated.

## HANSON BUILDING MATERIALS LIMITED

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

#### 13. Deferred taxation

A potential deferred tax asset of £655,000 (2020 - £667,000) in respect of short term timing differences has not been recognised as it is uncertain whether future profits will be sufficient to offset these differences when they reverse. The potential deferred tax asset but recognised at 19% would be £856,000.

A potential deferred tax asset of £838,000 (2020 - 729,000) in respect of the pension scheme deficit has not been recognised as it is uncertain whether future profits will be sufficient to offset this difference when it reverses. The potential deferred tax asset recognised at 19% would be £637,000.

#### 14. Provisions

	Other post employment provisions £000
At 1 January 2021	1,573
Discounted adjustments net of payments	(184)
Actuarial gain	60
<b>At 31 December 2021</b>	<b>1,449</b>

The Company has a liability to provide post retirement healthcare benefits to former employees outside of the funded pension scheme arrangements. During the current year, the Company made payments totalling £203,000 (2020 - £186,000) to meet these obligations. During the year there was an actuarial gain of £60,000 (2020 - loss of £142,000).

#### 15. Reserves

##### Other reserves

Other reserves relate to past capital contributions.

#### 16. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
736,968,849 (2020 - 736,968,849) ordinary shares of £2 each	1,473,938	1,473,938

## HANSON BUILDING MATERIALS LIMITED

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

#### 17. Pension commitments

During the year, the Company participated in the Hanson No.2 Pension Scheme (the "Main Scheme") and relevant employees are eligible for benefits under this funded defined benefit scheme, with funds held externally under the supervision of the corporate trustee.

During the year, the Company also participated in the UURBS Scheme (the "Second Scheme", together with the Main Scheme, the "Schemes") and relevant employees are eligible for benefits under this which is of the defined benefit type.

The results of the latest funding valuation at 30 September 2020 have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 30 September 2020, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The Schemes were closed to future accruals on 31 December 2011. The Schemes' assets are stated at their market values at the respective Balance Sheet dates.

The assets and liabilities of the Schemes are recognised in the financial statements of the Company and the balances at 31 December were:

	2021 £000	2020 £000
Schemes' assets at fair value		
Cash and cash equivalents	1,573	2,284
Nominal government bonds	65,152	66,165
Index linked bonds	98,619	102,712
Insurance policies	65,860	75,433
	<hr/>	<hr/>
Fair value of the Schemes' assets	231,204	246,594
Present value of the Schemes' liabilities	(216,098)	(223,344)
Restriction on the Main Scheme's asset	(18,459)	(27,087)
	<hr/>	<hr/>
Defined benefit Schemes' liabilities	(3,353)	(3,837)

The majority of the Schemes' assets have a quoted market price in an active market. The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Schemes by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

The Schemes have not invested directly in any of the Group's own financial instruments nor in properties or other assets used by the Group.

## HANSON BUILDING MATERIALS LIMITED

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

#### 17. Pension commitments (continued)

The main actuarial assumptions used in the valuation are set out below:

	2021	2020
	%	%
Discount rate	2.00	1.30
Future pension increases	3.67	3.52
RPI inflation assumption	3.30	2.90
CPI inflation assumption	2.75	2.20

The mortality assumptions are based on recent actual mortality experience of members within the Schemes with an allowance for future mortality improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 25.0 years if they are male (2020 - 24.4 years) and for a further 26.5 years if they are female (2020 - 25.6 years).

For a member who retires in 2042 (2020 - 2041) at the age of 65 the assumptions are that they will live on average for a further 26.2 years after retirement if they are male (2020 - 25.7 years), and for a further 27.9 years after retirement if they are female (2020 - 27.0 years).

#### Sensitivity analysis

The sensitivity of the present value of the Schemes' liabilities to changes in the principal assumptions used is set out below.

	Change in assumption	Impact on Schemes' liabilities
Discount rate	Increase / decrease 0.5%	Decrease 5% / increase 6%
Increase in pension rate	Increase / decrease 0.25%	Increase 3% / decrease 3%
Life expectancy	Increase / decrease 1 year	Increase 7% / decrease 7%

The Company expects to contribute £101,000 (2020 - £173,000) to the Schemes in 2022.

Included within the Statement of Comprehensive Income:

	2021	2020
	£000	£000
Expected return on the Schemes' assets	2,796	3,981
Interest on pension liabilities	(2,845)	(4,064)
Administration expenses incurred by the Schemes	(87)	(65)
	<u>(136)</u>	<u>(148)</u>

**HANSON BUILDING MATERIALS LIMITED**

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

**17. Pension commitments (continued)**

Included within other comprehensive income:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Actuarial (losses)/gains	(8,570)	3,392
Change in the asset ceiling	8,980	(3,842)
<b>Net actuarial gains/(losses)</b>	<b>410</b>	<b>(450)</b>

Changes in present value of the defined benefit obligations are analysed as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	223,344	209,820
Interest cost	2,845	4,064
Actuarial gains/(losses) on Schemes' liabilities	(1,099)	22,751
Net benefits paid out	(8,992)	(13,291)
<b>Closing present value of the Schemes' liabilities</b>	<b>216,098</b>	<b>223,344</b>

Changes in the fair value of the Schemes' assets are analysed as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of Schemes' assets	246,594	227,700
Expected return on plan assets	3,148	4,437
Administrative expenses paid by the Scheme	(87)	(65)
Actuarial gains/(losses) on the Schemes' assets	(9,669)	26,143
Contributions paid by the employers	113	1,577
Net benefits paid out	(8,895)	(13,198)
<b>Closing fair value of Scheme assets</b>	<b>231,204</b>	<b>246,594</b>

**HANSON BUILDING MATERIALS LIMITED**

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

**17. Pension commitments (continued)**

Amounts for the current and previous four years:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	(216,098)	(223,344)	(209,820)	(196,004)	(217,828)
Fair value of the Schemes' assets	231,204	246,594	227,700	216,800	230,612
Surplus in the Schemes	15,106	23,250	17,880	20,796	12,784
Experience (losses)/gains on the Schemes' liabilities *	(7,075)	1,236	679	(4,271)	2,483
Experience (losses)/gains on the Schemes' assets	(9,669)	26,143	13,411	(11,360)	(5,786)

\* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Main Scheme was carried out by a qualified actuary as at 30 September 2020. The valuation showed a surplus of £500,000 therefore no recovery contributions are required. The Company also makes contributions towards the administrative expenses of the Scheme. The forecast contributions payable for the year ending 31 December 2022 are expected to be £101,000.

The Schemes are recognised on the Balance Sheet of the Company as this entity is considered to bear the risks relating to the plan due to the proportion of current and deferred members employed or previously employed by the Company.

**18. Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG. Balances outstanding at 31 December with related parties, are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by ultimate parent undertaking	85	85
Amounts owed by fellow group subsidiary undertakings	3,192,439	3,196,574
Amounts owed to ultimate parent undertaking	(1,028)	(1,296)
Amounts owed to indirect/direct subsidiary undertakings	(1,999,962)	(1,999,962)
Amounts owed to fellow group subsidiary undertakings	(16,702)	(16,705)
	<u>1,174,832</u>	<u>1,178,696</u>

## **HANSON BUILDING MATERIALS LIMITED**

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

#### **19. Contingent liabilities**

A claim for damages in the range of US\$47,115,000 – US\$100,515,000 has been lodged against the Company and other parties in relation to land contamination at an alleged former industrial property of a predecessor of a historic group subsidiary. The Directors note the claim for damages is against two parties of which the Company is one of the defendants. The Company is defending the action. Beyond the legal fees required to defend the claim the Company does not consider any further economic outflow to be probable at this stage and is currently unable to reasonably estimate its share of the financial impact of this claim.

The Company holds 28,000,000 ordinary shares of £1 each in Hanson Aggregates UK Limited of which £0.01 was called and paid, leaving £0.99 uncalled. The total potential liability of the Company is £27,720,000.

The Company has agreed to indemnify its indirect subsidiary, Hanson Iceland EHF and its directors, in respect of any tax liability and legal costs it may reasonably incur relating to a capital reduction and restructuring of CHB Products Limited, a subsidiary of Hanson Iceland EHF. The total potential liability by the Company arising from the indemnity to the Company is limited to £100,000,000 and to the directors is limited to €5,000,000. Any claims must be lodged with the Company before 31 December 2028.

#### **20. Post balance sheet events**

After the year-end, an indirect subsidiary, CHB Products Limited, waived its right to receive £1,997,500,000 of the intercompany balance of £1,999,962,000 owed by the Company to CHB Products Limited. As a result the Company impaired its investment in Hanson Aggregates UK Limited by £1,997,500,000.

#### **21. Ultimate parent undertaking and controlling party**

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