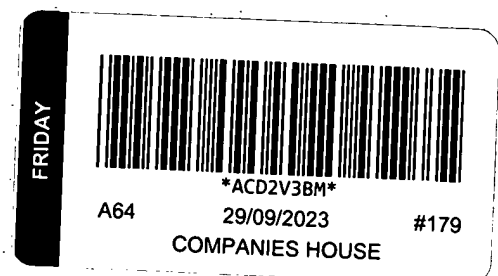


IRVINE-WHITLOCK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



IRVINE-WHITLOCK LIMITED

COMPANY INFORMATION

Directors

E A Gretton
M D Barlow
S L Willis
Dr C M Wendt (resigned 26 April 2022)
A Quilez Somolinos (appointed 26 April 2022)

Company secretary

W F Rogers

Registered number

00870262

Registered office

Second Floor
Arena Court
Crown Lane
Maidenhead
Berkshire
SL6 8QZ

Independent auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

IRVINE-WHITLOCK LIMITED

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IRVINE-WHITLOCK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Business review

During the year the Company settled a disputed contractual obligation, making a payment of £1,500,000 excluding legal costs. The Company also disposed of its leasehold property for £1,300,000 realising a profit on disposal of £410,369 and novated leases for motor vehicles in favour of a fellow group undertaking.

Results and dividends

The profit for the year, after taxation, amounted to £423,846 (2021 - loss £985,887).

The Directors do not recommend the payment of a final dividend (2021 - £nil).

Future developments

The Directors anticipate that the Company will continue as a non-trading company for the foreseeable future.

Post balance sheet events

After the year end the Company settled a disputed contractual obligation for £900,000 excluding legal costs.

Going concern

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, Heidelberg Materials AG (formerly HeidelbergCement AG) which indirectly owns the Company's entire share capital, has committed to continue to support the Company for a period of no less than 12 months from the date of approval of the financial statements, in order that it can meet its liabilities as they fall due.

The Directors have considered and satisfied themselves that Heidelberg Materials AG is able to make the commitments it has made to the Company. In doing this, the Directors have noted that the ultimate parent undertaking, Heidelberg Materials AG, has made an assessment of identifiable risks on their global business activities, including the on-going impact of the Ukraine crisis, the volatility in energy and raw materials markets, inflationary pressures, rising interest rates and the overarching impact these factors have on construction and consumer markets, and continues to operate on a going concern basis.

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:

E A Gretton
M D Barlow
S L Willis
Dr C M Wendt (resigned 26 April 2022)
A Quilez Somolinos (appointed 26 April 2022)

IRVINE-WHITLOCK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' indemnity

Heidelberg Materials 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.

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.

Strategic Report Exemption

The Company has taken advantage of section 414B of the Companies Act 2006 not to prepare a Strategic Report.

This report was approved by the board on 27 September 2023 and signed on its behalf.



W F Rogers
Secretary

IRVINE-WHITLOCK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for 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 27 September 2023 and signed on its behalf.

Wendy F Rogers

W F Rogers
Secretary

Report on the audit of the financial statements

Opinion

In our opinion, Irvine-Whitlock Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; 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 2022 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRVINE-WHITLOCK 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
- Challenging management on key accounting estimates and auditing the assumptions to supporting third party documentation where applicable.

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. 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.

IRVINE-WHITLOCK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRVINE-WHITLOCK 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
28 September 2023

IRVINE-WHITLOCK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Continuing operations 2022 £	Discontin'd operations 2022 £	Total 2022 £	Continuing operations 2021 £	Discontin'd operations 2021 £	Total 2021 £
Turnover	3	-	-	-	-	456,084	456,084
Other operating income	6	-	410,369	410,369	-	-	-
Raw materials and consumables		-	-	-	-	(147,043)	(147,043)
Other operating expenses	5	-	(46,939)	(46,939)	-	(360,860)	(360,860)
Exceptional items	11	-	167,840	167,840	-	336,104	336,104
Staff costs	7	-	(21,523)	(21,523)	-	(1,170,362)	(1,170,362)
Depreciation and amortisation	12	-	(16,279)	(16,279)	-	(55,222)	(55,222)
Operating profit/(loss)		-	493,468	493,468	-	(941,299)	(941,299)
Interest payable and similar expenses	9	(84,238)	(489)	(84,727)	(24,895)	(4,588)	(29,483)
Profit/(loss) before tax		(84,238)	492,979	408,741	(24,895)	(945,887)	(970,782)
Tax on profit/(loss)	10	-	15,105	15,105	-	(15,105)	(15,105)
Profit/(loss) for the financial year		(84,238)	508,084	423,846	(24,895)	(960,992)	(985,887)
Total comprehensive income for the year				423,846			(985,887)

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 11 to 29 form part of these financial statements.

IRVINE-WHITLOCK LIMITED
REGISTERED NUMBER: 00870262

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	-	46,417
		<u>-</u>	<u>46,417</u>
Current assets			
Assets held for sale		-	864,614
Debtors: amounts falling due within one year	13	128,436	258,112
		<u>128,436</u>	<u>1,122,726</u>
Creditors: amounts falling due within one year	14	(14,093,078)	(13,901,679)
Net current liabilities		<u>(13,964,642)</u>	<u>(12,778,953)</u>
Creditors: amounts falling due after more than one year	15	-	(20,387)
Deferred taxation	17	-	(15,105)
Other provisions	18	(3,300,000)	(4,920,460)
		<u>(3,300,000)</u>	<u>(4,935,565)</u>
Net liabilities		<u>(17,264,642)</u>	<u>(17,688,488)</u>
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account		(17,274,642)	(17,698,488)
Total equity		<u>(17,264,642)</u>	<u>(17,688,488)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2023.



A Quilez Somolinos
 Director

The notes on pages 11 to 29 form part of these financial statements.

IRVINE-WHITLOCK LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	10,000	(16,712,601)	(16,702,601)
Comprehensive expense for the year			
Loss for the year	-	(985,887)	(985,887)
Total comprehensive expense for the year	-	(985,887)	(985,887)
At 31 December 2021	10,000	(17,698,488)	(17,688,488)
Comprehensive income for the year			
Profit for the year	-	423,846	423,846
Total comprehensive income for the year	-	423,846	423,846
At 31 December 2022	10,000	(17,274,642)	(17,264,642)

The notes on pages 11 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies

1.1 General information

Irvine-Whitlock 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 the 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 pound (£).

The principal accounting policies adopted by the Company are set out below. These policies have, unless otherwise stated, been consistently applied to all periods presented.

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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- 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 Heidelberg Materials AG as at 31 December 2022 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.4 Going concern

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, Heidelberg Materials AG which indirectly owns the Company's entire share capital, has committed to continue to support the Company for a period of no less than 12 months from the date of approval of the financial statements, in order that it can meet its liabilities as they fall due.

The Directors have considered and satisfied themselves that Heidelberg Materials AG is able to make the commitments it has made to the Company. In doing this, the Directors have noted that the ultimate parent undertaking, Heidelberg Materials AG, has made an assessment of identifiable risks on their global business activities, including the on-going impact of the Ukraine crisis, the volatility in energy and raw materials markets, inflationary pressures, rising interest rates and the overarching impact these factors have on construction and consumer markets, and continues to operate on a going concern basis.

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 Revenue

The Company principally operates fixed price contracts. If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when:

- the total contract revenue can be measured reliably
- it is probable that the economic benefits associated with the contract will flow to the Company;
- the costs to complete the contract and the stage of completion can be measured reliably and;
- the contract costs attributable to the contract can be clearly identified and measured reliably so that the actual contract costs incurred can be compared with prior estimates.

When the outcome of construction cannot be estimated reliably (principally during early stages of contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying percentage of the completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue

Contract revenue corresponds to the initial amount of revenue agreed in the contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.5 Revenue (continued)

Contract costs

Contract costs include costs that relate directly to the specific contract and costs that are attributable to the contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The Company will not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between transfer of goods or services and the receipt of payment will be one year or less.

The Company may recognise the incremental costs of obtaining a contract as an expense when incurred, if the expected amortisation period is one year or less.

1.6 Financial instruments

Debt instruments at fair value through profit or loss

Debt instruments are subsequently measured at fair value where they are financial assets held within a business model whose objective is to sell the financial asset, 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. Any fair value gains or losses at each reporting period is recognised in the profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the profit or loss includes any dividend or interest earned on the financial asset.

In addition financial assets where the contractual terms of the financial asset do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are also subsequently measured at fair value.

Debt instruments at amortised cost

Debt instruments 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.6 Financial instruments (continued)

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 Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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

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

Financial liabilities

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

The subsequent measurement of financial liabilities depends on their classification, as described below:

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.6 Financial instruments (continued)

At amortised cost

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 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.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on the following bases:

Motor vehicles - 25% on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.9 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 the Statement of Comprehensive Income 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.

1.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.10 Current and deferred taxation (continued)

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 enforceable 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.

1.11 Exceptional items

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

1.12 Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Leases for quarries do not fall within the scope of IFRS 16. These leases are considered pending transactions and the expenses are recognised in the material costs in the period in which they arise.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The interest rates were calculated on the basis of the remaining term of the leases.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
 - variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
 - the amount expected to be payable by the lessee under residual value guarantees;
 - the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.12 Leases (continued)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payment made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are included in the Tangible Fixed Assets in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in Exceptional Items.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

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

Estimation of contract completion

Management estimates the stage of completion and the outcome of a contract based upon the assessment performed by the contract team including the quantity surveyors.

Assessment of litigation provisions

Management makes an assessment of the litigation provision required where it is probable that a legal or constructive obligation exists that will result in a settlement. The assessment is determined based upon advice obtained from external legal advisors and quantity surveyors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Turnover

An analysis of turnover by class of business is as follows:

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Revenue from building contracts	-	456,084
	<u> </u>	<u> </u>

All turnover arose within the United Kingdom.

Timing of revenue recognition:

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Goods and services transferred over time	-	456,084
	<u> </u>	<u> </u>

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The amount of revenue recognised in 2022 from performance obligations satisfied (or partially satisfied) in previous years is £nil.

The amount of revenue recognised in 2021 that was included in the contract liability balance at the beginning of the year is £nil.

4. 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.

5. Other operating expenses

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Selling and administrative expenses	40,404	91,729
Expenses for third party repairs and services	-	17,279
Rental and leasing expenses	6,535	56,558
Other expenses	-	195,294
	<u> </u>	<u> </u>
	<u>46,939</u>	<u>360,860</u>

IRVINE-WHITLOCK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Other operating income

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Profit on disposal of asset held for sale	410,369	-
	<u>410,369</u>	<u>-</u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Wages and salaries	14,560	1,029,052
Social security costs	3,973	69,671
Cost of defined contribution scheme	2,990	71,639
	<u>21,523</u>	<u>1,170,362</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Office and management	-	7
Site Operatives	-	8
	<u>0</u>	<u>15</u>

IRVINE-WHITLOCK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Directors' emoluments	-	76,798
Compensation for loss of office	-	307,656
	<u>-</u>	<u>384,454</u>

The highest paid Director received remuneration of £nil (2021 - £76,798).

Compensation for loss of office amounted to £nil (2021 - £307,656).

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £1,610,295 (2021 - £1,873,146), 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.

9. Interest payable and similar expenses

	Continuing operations 2022 £	Discontin'd operations 2022 £	Continuing operations 2021 £	Discontin'd operations 2021 £
Interest on lease liabilities	-	489	-	1,094
Other interest payable	84,238	-	24,895	3,494
	<u>84,238</u>	<u>489</u>	<u>24,895</u>	<u>4,588</u>

IRVINE-WHITLOCK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation

	2022 £	2021 £
Current UK corporation tax on profits/losses for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(964)	48,736
Changes to tax rates	-	(8,071)
Deferred tax asset not provided	-	(25,560)
Adjustments in respect of previous periods	(14,141)	-
Total deferred tax	<u>(15,105)</u>	<u>15,105</u>
Taxation on profit/loss on ordinary activities	<u>(15,105)</u>	<u>15,105</u>

Reconciliation of the tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	Continuing operations 2022 £	Discontin'd operations 2022 £	Continuing operations 2021 £	Discontin'd operations 2021 £
Profit/(loss) on ordinary activities before tax	(75,758)	484,499	(24,895)	(945,887)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(14,394)	92,055	(4,730)	(179,719)
Effects of:				
Expenses not deductible for tax purposes	-	-	-	1,495
Changes to tax rates	-	(231)	-	3,625
Deferred tax asset not provided	-	-	-	(25,560)
Adjustments to tax charge in respect of prior periods	-	(14,141)	-	-
Capital gains	-	242,246	-	-
Book profit on chargeable assets	-	(89,450)	-	-
Group relief	55,702	(245,584)	11,364	215,264
Transfer pricing adjustments	(41,308)	-	(6,634)	-
Total tax charge for the year	<u>-</u>	<u>(15,105)</u>	<u>-</u>	<u>15,105</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)

Change in corporation tax rate

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

11. Exceptional items

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Litigation cost reversal	(111,276)	(2,536,104)
Restructuring (cost reversal)/charge	(56,564)	2,200,000
	<u>(167,840)</u>	<u>(336,104)</u>

A net litigation cost reversal of £111,276 (2021 - £2,536,104) was recognised in relation to ongoing contract obligations.

A restructuring cost reversal of £56,564 (2021 charge - £2,200,000) was recognised in relation to redundancies where the affected employees had been notified.

12. Tangible fixed assets

	Motor vehicles £
At 1 January 2022	140,641
Disposals	(140,641)
At 31 December 2022	<u>-</u>
At 1 January 2022	94,224
Charge for the year on right-of-use assets	16,279
Disposals	(110,503)
At 31 December 2022	<u>-</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>46,417</u>

IRVINE-WHITLOCK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****12. Tangible fixed assets (continued)**

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2022	2021
	£	£
Tangible fixed assets owned	-	-
Right-of-use tangible fixed assets	-	46,417
	<u>-</u>	<u>46,417</u>
	<u><u>-</u></u>	<u><u>46,417</u></u>

Information about right-of-use assets is summarised below:

Net book value

	2022	2021
	£	£
Motor vehicles	-	46,417
	<u>-</u>	<u>46,417</u>
	<u><u>-</u></u>	<u><u>46,417</u></u>

Depreciation charge for the year ended

	2022	2021
	£	£
Motor vehicles	16,279	46,828
	<u>16,279</u>	<u>46,828</u>
	<u><u>16,279</u></u>	<u><u>46,828</u></u>

During the year the Company novated leases in favour of a fellow group undertaking.

IRVINE-WHITLOCK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Debtors: amounts falling due within one year

	2022 £	2021 £
Prepayments and accrued income	1,539	7,371
Contract assets	126,897	250,741
	<u>128,436</u>	<u>258,112</u>

Contract assets balance are made up of retentions and work in progress relating to ongoing contracts for which the Company is conditionally entitled to future consideration and which it expects to collect.

Amounts falling due after more than one year included above are:

	2022 £	2021 £
Contract assets	<u>126,897</u>	<u>250,741</u>

Contract assets comprise:

	2022 £	2021 £
Recorded contract turnover	7,848,947	14,176,644
Less: payments received on account	(7,722,050)	(13,925,903)
Total	<u>126,897</u>	<u>250,741</u>

Construction contracts

In respect of long term construction contracts in progress at the balance sheet date:

	2022 £	2021 £
Contract costs incurred to date	7,840,109	14,932,008
Contract retentions	<u>126,897</u>	<u>250,741</u>

IRVINE-WHITLOCK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****14. Creditors: Amounts falling due within one year**

	2022	2021
	£	£
Amounts owed to group undertakings	14,081,980	13,654,387
Other taxation and social security	-	8,360
Obligations under finance lease and hire purchase contracts	-	24,526
Other creditors and accruals	11,098	214,406
	<u>14,093,078</u>	<u>13,901,679</u>

Included within amounts owed to group undertakings is an amount of £3,543,623 (2021 - £4,838,758) which is unsecured, repayable on demand and accrues interest at SONIA + 0.35% (2021 - overnight GBP LIBOR + 0.4%). GBP LIBOR was replaced by SONIA on 1 January 2022.

Other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Lease liabilities	<u>-</u>	<u>20,387</u>

IRVINE-WHITLOCK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****16. Leases****Company as a lessee**

The Company leases motor vehicles.

Lease liabilities are due as follows:

	2022 £	2021 £
Not later than one year	-	24,526
Between one year and five years	-	20,387
	<u>-</u>	<u>44,913</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	Discontin'd operations 2022 £	Discontin'd operations 2021 £
Interest expense on lease liabilities	489	1,094

During the year the Company novated leases in favour of a fellow group undertaking.

17. Deferred taxation

	2022 £
At beginning of year	(15,105)
Charged to profit or loss	15,105
At end of year	<u>-</u>

The deferred tax liability is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	-	(15,105)
	<u>-</u>	<u>(15,105)</u>

Deferred tax has been recognised at 25% (2021 - 25%), being the enacted main rate of corporation tax at the balance sheet date on which the deferred tax liability is expected to be settled (2021 - a potential deferred tax asset of £15,105 was not recognised).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Other provisions

	Restructure provisions £	Litigation provisions £	Total £
At 1 January 2022	56,564	4,863,896	4,920,460
Charged to profit or loss	(56,564)	-	(56,564)
Utilised in year	-	(1,563,896)	(1,563,896)
At 31 December 2022	-	3,300,000	3,300,000

Restructure provisions

The restructuring provision related to redundancy costs where the affected employees had been notified.

Litigation provisions

Provisions have been recognised in relation to ongoing litigation, which are expected to be resolved within 1 - 10 years.

19. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
10,000 (2021 -10,000) ordinary shares of £1 each	10,000	10,000

The Company has no authorised share capital limit.

20. Contingent liabilities

The Company has received notifications of potential product defects. No formal claims have been received and therefore no assessment has been performed to determine accountability, although it is possible a liability may arise. Accordingly, no provision for any liabilities has been made in these financial statements. It has been estimated that, if claims were successful, the liability could be in the region of £2,000,000 as at 31 December 2022 (2021: £2,000,000).

The Company has been notified of a number of claims from former employees in relation to alleged health relates issues. The Directors do not consider it probable that an outflow of economic resources will be required to settle the obligation nor can the amount of any obligation be measured with sufficient reliability.

IRVINE-WHITLOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. 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 Heidelberg Materials AG. Balances outstanding at 31 December with related parties, are as follows:

	2022 £	2021 £
Amounts owed to direct parent undertaking	(2,554,760)	(2,554,760)
Amounts owed to fellow subsidiary undertakings	(7,983,597)	(6,260,869)
Amounts owed to ultimate parent undertaking	(3,543,623)	(4,838,758)
	<u>(14,081,980)</u>	<u>(13,654,387)</u>

22. Post balance sheet events

After the year end the Company settled a disputed contractual obligation for £900,000 excluding legal costs.

23. Ultimate parent undertaking and controlling party

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