

Registered number: 00026306

HANSON PACKED PRODUCTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

HANSON PACKED PRODUCTS LIMITED

COMPANY INFORMATION

Directors	A Quilez Somolinos E A Gretton S L Willis
Company secretary	W F Rogers
Registered number	00026306
Registered office	Second Floor Arena Court Crown Lane Maidenhead Berkshire SL6 8QZ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

HANSON PACKED PRODUCTS LIMITED

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HANSON PACKED PRODUCTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Business review

The principal activity of the Company is the production and sale of packed building materials including cements, ready to use concrete, asphalt, mortar as well as decorative and construction aggregates.

During the year the Company rebranded as Heidelberg Materials and now trades using the names Heidelberg Materials UK and Heidelberg Materials UK Packed Products.

The turnover for the year was £43,994,000, an increase of 3% compared with 2022, generating an operating profit of £1,739,000. The reduction in operating profit in the current year relates to the decrease in profits and income connected with the disposal of fixed assets as well as a reduction in rental income. Net financial income increased to £9,258,000, resulting in a profit before tax of £10,997,000, compared to a profit before tax in 2022 of £5,109,000.

The increase in turnover was the result of sales price increases made to cover increasing costs.

The business reduced stock during the year in a drive to manage costs under periods of high inflation. Overall volumes were down slightly year on year, due to lower demand in the repair, maintenance and improvement sector.

Directors' statement of compliance with their duty to promote the success of the Company

Section 172(1) Statement

This report sets out how the Directors have complied with section 172(1) of the Companies Act 2006 in making their strategic decisions during 2023 and in considering the likely long-term consequences of those decisions and the need to maintain a reputation for high standards of business conduct. This has involved engagement with all of the Company's key stakeholders to ensure that the Directors understand their views and interests when making decisions and when developing the Company's purpose, values and strategy. The Directors ensure that they listen to and consider the interests of the Company's employees and that they foster relationships with the Company's customers and suppliers. The Directors work to ensure the sustainability of the Company's operations within local communities in the context of the potential impact on the local environment.

Heidelberg Materials UK Sustainability Policy

Effective management of safety, health, environment, quality, carbon reduction and responsible sourcing is of key importance to the sustained success of the Company's business. The Company's sustainability objectives are reviewed regularly and communicated regularly to employees, contractors, visitors, key stakeholders and our supply chain to inform and promote wider adoption of responsible practices. As a minimum, as a Heidelberg Materials UK company, the Company complies with all applicable law and regulatory requirements. Cooperation in the implementation of Heidelberg Materials UK's sustainability policy is a condition of employment, partnership and supply.

Full details of the Heidelberg Materials UK Sustainability Policy can be found on the Heidelberg Materials UK website at www.heidelbergmaterials.co.uk. The policy sets out Heidelberg Materials UK's sustainability objectives in terms of: ensuring business and product innovation by engaging with customers and stakeholders to continually improve Heidelberg Materials UK's sustainability performance and adopt an integrated approach to achieve the highest standards in complying with ISO 9001, 14001, 45001, 45003 and 50001, also PAS 2080 together with BES 6001:Issue 4.0, and relevant CE certification schemes; ensuring health, safety and wellbeing in the workplace; ensuring environmental responsibility to collaborate with suppliers and fulfil Heidelberg Materials UK's share of responsibility to limit global temperature rise to below 1.5°C; conserving natural resources and maximising the use of alternative materials and recycling; being a good neighbour and fulfilling our social value requirements based upon transparency and consultation, staff volunteering on community projects, with local jobs and local procurement; and being a fair, respectful and inclusive company.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Heidelberg Materials UK Sustainability Policy (continued)

During 2023, the Company continued to roll out its Heidelberg Materials UK 2030 commitments in relation to the six key sustainability topics: business and product innovation; health, safety and wellbeing; environmental responsibility; resource use and the circular economy; being a good neighbour; and fairness, inclusion and respect. The 2023 Sustainability Report sets out the 2030 targets and records progress towards attainment of these objectives.

In 2023, the Company updated and revised its social value policy which is available on the Heidelberg Materials UK website www.heidelbergmaterials.co.uk. The social value policy is founded on our core values and responsible leadership principles and applies to all areas of our business, our employees and all parties who undertake activity on our behalf. It focusses on six key areas of social value: collaboration, co-equality, championing local economies, community, climate and communication. It follows the national TOMS (Themes, Outcomes and Measures) framework and integrates our health, safety and wellbeing, and environmental commitments. A steering group ensures the principles of the policy are embedded within the business. During 2023 further work was undertaken to enhance, measure and record Heidelberg Materials UK's social value impact and we achieved certification to Social Value UK's Level 1 'Commit' stage of accreditation. A "Let's Talk Sustainability" webinar was also held involving stakeholders from across the industry which explored social value and its increasing importance in the construction sector.

2023

During 2023 the Company continued to work on the debottlenecking plan for its Nuneaton operation. Approval was granted for the installation of a new fire alarm system for the production areas and main offices, and also for the upgrade of the main office facilities now remote working has been reduced. The new compressors have improved efficiency and reduced energy consumption. A new dust extraction system was also installed, which has improved working conditions, improved reliability, and reduced maintenance costs. Additional energy efficient lighting has been introduced in the main production area to improve visibility and reduce energy use. Racking has been put in place to better manage and store empty packaging closer to the operational area to improve warehouse management and reduce forklift truck movements. A new palletizer was installed on the bagged asphalt production line to improve reliability to keep up with an increased customer demand. Improvements were also made to the cementitious production line by replacing the dry top section of the infeed hopper, the drier bedplate and the anti-segregation tube in one of the production silos. All of these improvements will improve the efficiency, reliability, and quality of the Nuneaton operation. The Company is planning to replace one of the more inefficient packers with an entirely new packing line to meet market and customer demand in the next two years.

The Company continued to invest and improve its satellite operations during 2023, including an upgrade to welfare facilities at the Bulls Lodge site and yard resurfacing at Dagenham. The resurfacing will ensure that vehicles will continue to be loaded safely and improve forklift truck movements in the yard.

In general, all of the Company's operational investments are made in the interests of ensuring long term sustainable production to service our customers and the continuity of safe operations for our workforce, delivering value for our shareholders and developing meaningful partnerships with our suppliers; investments in new operations facilitate reductions in energy usage, water usage and emissions, lessening the impacts on both the environment and communities.

The Company sources cement from Heidelberg Materials UK's cement production operations who use domestic and industrial waste derived fuels in the cement kilns which reduces fossil fuel usage; the Company also similarly sources cements containing less clinker and a higher proportion of limestone in order to reduce the level of carbon or embedded CO₂ in our products. The Company has a clear focus towards 2030 and beyond and the Company together with Heidelberg Materials UK are developing masterplans to meet the challenges of reducing CO₂ emissions working together with our ultimate parent company.

HANSON PACKED PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2023 (continued)

The Company made several improvements that will have a positive impact on reducing environmental impact and reducing energy and fuel usage. These include the move to electric forklift trucks mentioned below, and the installation of new energy efficient compressors and low energy lighting. The Company took the decision to move one of its main raw material supplies to an internally sourced rail fed material which has reduced truck miles and environmental impact.

The Company plans to replace its diesel forklift trucks with electric forklift trucks during 2024 and 2025. It has conducted sourcing meetings and tested demonstration trucks during 2023. The feedback from operatives was positive and the Company will replace part of the fleet at the Nuneaton and Dagenham sites during 2024 with plans to replace the remaining fleet in 2025. The trucks will deliver employee wellbeing, environmental and financial benefits.

Year on year sales volumes declined in 2023 due to lower demand in the Repair Maintenance and Improvement (RMI) sector, fuelled by lack of consumer confidence due to high interest rates and the cost-of-living crisis. The change in product mix had a negative impact on returns but was more in line with historic levels. The plant improvements the Company made at Nuneaton have resulted in improved efficiencies. During 2023 the Company made the decision to remove the night shift to keep costs under control due to falling demand of cementitious products. The move to XPO for all haulage services went extremely well with no customer disruption. The Company and XPO are now looking to improve efficiency and reduce delivery miles by utilising increased volumes of backhauls.

Information relating to the Company's investments, improvements, performance, outlook and sustainability was presented to stakeholders through various channels. For employees, this included the Employee Forum, national road shows in the form of virtual communications roadshows presented by the Heidelberg Materials UK chief executive officer, driver forums and driver engagement days and management meetings with trade unions. Regular video updates from the CEO and business line managing directors on business performance and strategy were provided to the workforce in 2023.

The Company continued with the Heidelberg Materials UK Fairness, Awareness, Inclusion and Respect steering group, which implements initiatives to help improve diversity and gender balance within the workforce.

The Company has adopted an agile working policy for commercial staff, with a combination of face-to-face customer visits, and virtual meetings. The Company holds weekly virtual team meetings to improve engagement and drive the business strategy as well as holding bi-monthly face to face meetings. These face-to-face meetings have been well received by the whole commercial team and are a chance to discuss wider subject areas in person.

Occupational health and safety is one of the Company's core values, as a Heidelberg Materials UK company, and a fundamental element of our work processes. It is well understood that the health and wellbeing of the business's employees, contractors as well as people in the local communities, together with a safe working environment, is key to a successful, productive business and the Company therefore prioritises the reduction of risks leading to accidents, injuries and occupational illness in order to achieve the declared aim of Heidelberg Materials UK to do zero harm. The Company's principles for protecting its own employees, contractors as well as those of third parties are specified in the Heidelberg Materials UK policy on occupational health and safety.

In order to minimise and prevent risks for our employees, customers, suppliers, and other third parties, regular risk assessments were carried out at our locations so that all risks could be evaluated and appropriate protective measures taken. The Company focused on the potentially fatal risks set out in the business's 2023 Health and Safety improvement plan. The Company also continued to roll out the Heidelberg Materials UK mental health awareness and training programme throughout its business.

HANSON PACKED PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2023 (continued)

Steps taken during 2023 to ensure maintenance of a reputation for high standards of business conduct included training staff in many different compliance areas, covering our Code of Business Conduct, corruption and anti-bribery, competition law, data protection and modern slavery, all supported by a regime of policies and procedures that underpin the Company's purpose and values; the compliance program is supported by an online reporting platform that allows concerns to be reported and investigated outside of reporting lines.

Further information relating to the Company's work on sustainability, local community engagement, carbon and energy, waste and raw materials, water and biodiversity can be found on the Company website www.hanson-packedproducts.co.uk and on the Heidelberg Materials UK website www.heidelbergmaterials.co.uk.

Principal risks and uncertainties

Market demand risk

Demand for many of the products produced by the Company is closely linked with economic conditions, specifically in the residential sector. This includes both the building of new houses as well as repairing, maintaining and improving existing houses. Access to finance from funding institutions is also a key factor on housing demand. As a result depressed economic conditions in the United Kingdom could have an adverse effect on demand for and pricing of the Company's products, which could result in reduced sales and profits.

Confidence in the housing sector is key to maintaining demand and relevant trends are monitored closely to ensure that production capacity remains in line with demand.

Seasonality risk

Extended periods of inclement weather can result in a material reduction in demand for the Company's products. It may also impact the Company's ability to produce products and consequently result in reduced revenues and profits.

Credit risk

Credit risk is the potential exposure of the Company to loss in the event of non-performance by a counterparty. The Company controls this credit risk through credit approval limits and insurance where applicable.

Regulatory risk

The building products industry is subject to a wide range of regulatory measures, both UK and European. Emissions regulations through the Environment Agency could affect some works if they cannot comply with the regulatory limits and may result in enforced closures.

Environmental risk

The Company's impact upon the environment or the effects of climate change could expose us to regulatory breaches, significant disruption, reputational risk or a reduction in demand for our products. Emission restrictions and the transition to a low carbon economy could impact performance. The Company closely monitors the latest legislation and enacts internal policies to ensure the environmental impact of the business is minimised.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Principal risks and uncertainties (continued)

Cyber security risk

Due to the current geopolitical situation and the increasing prevalence of cyberattacks as a business model, the threat of attack, especially from external sources, is significantly heightened. This could expose the Company to significant downtime, which could adversely affect the Company's performance.

To counteract this threat level, Heidelberg Materials UK has appointed an Information Security Officer who is responsible for leading the Information Security Programme in the UK, intended to improve the maturity of Heidelberg Materials UK's people, processes, and technology measured against the NIST (National Institute of Standards and Technology) Cyber Security Framework. This will include cyber education for all employees, introducing information security compliance check-points into the IT Demand/Delivery Process and supporting the creation and testing of business continuity plans at regular intervals.

Continuous improvements to the Company's IT networks evidence developments in cyber resilience, to ensure security and stability are maintained at a high level.

Financial key performance indicators

The Company forms part of the Heidelberg Materials UK operating division of Heidelberg Materials AG. The division is managed along operational lines rather than by statutory entity and incorporates a number of statutory entities.

Key performance indicators (KPIs) are managed at a divisional level. As a result the directors have taken the decision not to disclose KPIs in individual subsidiary financial statements. Management assess divisional performance against a number of financial KPIs including turnover, profitability, sales volumes, average selling prices and market share alongside other non-financial KPIs such as health and safety, sustainability, and customer service. Group performance against KPIs is disclosed in the financial statements of Heidelberg Materials AG.

This report was approved by the board on 16 July 2024 and signed on its behalf.



W F Rogers
Secretary

HANSON PACKED PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Results and dividends

The profit for the year, after taxation, amounted to £6,541,000 (2022 - £4,828,000).

The Directors do not recommend the payment of a final dividend (2022 - £nil).

Preference share dividends of £9,411,000 (2022 - £9,411,000) were paid during the year.

Post balance sheet event

After the year end the Company received £30,537,000 from Houserate Limited to fully settle the amount owed to the Company.

On 3 May 2023, the Company disposed of its packed products business and assets at Needingworth for total consideration of £274,000, realising a profit on disposal before legal costs of £239,000.

Future developments

Volumes are expected to remain at levels experienced in 2023 in the short term across all sectors. The business is in a strong position with a well established customer base in order to manage any growth in the market, which is expected towards the end of 2024.

Going concern

The Directors have performed an assessment on the ability of the Company to operate on a going concern basis. This includes an assessment of the Company's financial position, Heidelberg Materials UK's divisional cash flow forecasts up to December 2025 and other relevant enquiries, including the on-going impact of the Ukraine and Middle East crises, political uncertainties, the volatility in energy and raw materials markets, continuing inflationary pressures, high interest rates and the overarching impact these factors have on construction and consumer markets, as well as consideration of identifiable risks made by the ultimate parent undertaking, Heidelberg Materials AG, on their global business activities. The ultimate parent undertaking continues to operate on a going concern basis.

The Directors continue to see ongoing demand for the Company's products and have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future having considered the risks and uncertainties that are relevant to both the Company and its ultimate parent undertaking and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Research and development activities

The Company is fully committed to research and development. It continually reviews the range of products it produces in order to meet the changing requirements of the market place.

Engagement with employees

During the year the policy of providing employees with information about the Company has been continued through newsletters, intranet and employee briefings. Regular employee forum meetings are held between management and employees to allow a free flow of information.

Engagement with Stakeholders

The Directors' statement on compliance with their duty to promote the success of the Company included within the Strategic Report includes a summary of how the Company engaged with its key stakeholders during 2023.

HANSON PACKED PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Disabled employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Streamlined energy and carbon reporting

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, and the total energy use of electricity, gas, and transport fuel.

	Year ended 31 December 2023	Year ended 31 December 2022
Energy consumption used to calculate emissions (kWh)	2,641,846	3,293,535
Emissions from combustion of gas tCO ₂ e (Scope 1)	0	0
Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	83	81
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	0	0
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	471	569
Total gross tCO ₂ e based on above (location-based)	554	650
Intensity ratio (tCO ₂ e/Turnover in £000) (location-based)	0.0130	0.0152
Emissions from purchased electricity tCO ₂ e (Scope 2, market-based)	73	81
Total gross tCO ₂ e based on above (market-based)	156	163
Intensity ratio (tCO ₂ e/Turnover in £000) (market-based)	0.0037	0.0038

Energy Efficiency Actions Summary

The Company forms part of the Heidelberg Materials UK operating division of Heidelberg Materials AG (formerly known as Hanson UK). At the centre of our actions lies our responsibility for the environment. Heidelberg Materials UK is a front runner on the road to carbon neutrality and circular economy in the building materials industry. Heidelberg Materials UK is working on intelligent and sustainable building materials as well as solutions for the future.

HANSON PACKED PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Streamlined energy and carbon reporting (continued)

Sustainability is an integral part of Heidelberg Materials UK and will be at the centre of its strategy going forward. Within the framework of its Beyond 2020 strategy, Heidelberg Materials UK is significantly advancing its ambitious climate targets. By 2050, we want to be carbon neutral across our entire product portfolio and achieve Net Zero emissions.

A considerable proportion of emissions from the process of cement manufacturing is unavoidable and significantly contributes to the footprint of the end product. Heidelberg Materials UK is contributing to the development of new innovative technologies that reduce CO2 emissions on a large scale using carbon capture technologies to trap CO2 in its purest form to either utilise or safely store it.

Cement and concrete companies can support the circular economy through resource efficiency, co-processing of waste materials and concrete recycling, including its forced carbonation. Heidelberg Materials UK evaluate a variety of materials for CO2 absorption and explore the possibility of using them to produce marketable building materials. Among them are natural minerals like olivine and basalt, industrial waste products such as blast furnace slag, and cement fines made from recycled concrete.

Aggregates, asphalt, cement, and concrete play a vital role in infrastructure. Heidelberg Materials UK is working to decarbonise them by using innovative carbon capture and storage technologies, and is developing alternative binders to reduce the CO2 intensity of concrete. It is committed to a functioning circular economy by focusing on resource efficiency, co-processing of waste materials and concrete recycling. Heidelberg Materials UK remains committed to this focused approach including developing routes for recycling and reuse across the whole of its operations.

The Company's primary electricity supply remains the zero carbon "BLUE for business" tariff from EDF, the only exception again being sites where it operates as a third-party tenant. The Company has continued to decarbonise light company vehicles and has further increased the number of electric cars and vans across its fleet together with plans for improving charging infrastructure.

Methodology Notes

Reporting Period	January 2023 – December 2023
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Hanson Packed Products Limited's annual accounts made up to 31st December 2023
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2023 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
Conversion factor source	Gasoline: Federal Register EPA, 40 CFR Part 98, e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel: U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020 LPG: Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance Direct Emissions from Stationary Combustion Sources 2008
Calculation method	Activity Data x Emission Factor = GHG emissions (tCO ₂ e) Activity Data x Conversion Factor = kWh consumption

HANSON PACKED PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Streamlined energy and carbon reporting (continued)

Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. The percentage of the Hanson Packed Products Limited employee numbers of the total employee numbers (2.22%) is applied to the total transport diesel and petrol amount to estimate the company's usage. Diesel usage by forklift trucks is not yet tracked separately. An average 3.95 litre per hour consumption is assumed. Source: https://forkliftbriefing.com/save-money/the-forklift-fuel-robbery/ Based on experience an average of 2 hours per run time a day for all working days in the UK is estimated for 2 machines that work on sites.
Dual reporting approach	Dual reporting allows us to compare our purchasing decision (market-based approach – green electricity) to the overall GHG-intensity of the grid (location-based approach – grid electricity)
Amount of carbon free electricity (kWh) imported from the grid	1,921,782 kWh
Information on carbon free electricity	The electricity supplied to Hanson Packed Products by EDF for 01.01.2023 to 31.12.2023 has been generated from 100% carbon free (nuclear) sources, except for landlord consumption. Using the GHG Protocol Corporate Standards' market-based approach the above enables us to report '0' emissions under Scope 2.
Exclusions	The Scope 3 transport fuels and the associated emissions were calculated in the first reporting year for a number of Heidelberg Materials group companies of which Hanson Packed Products is one. Typically relevant scope 3 transport excluding company cars and vans related to less than 0.005% of the Company's total annual emissions. As the information is not practical to obtain routinely and is immaterial, we have excluded this category from our annual reporting. The usage of the truck fleet is non-reportable as the Company hires a franchise company.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

Directors

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

A Quilez Somolinos
E A Gretton
S L Willis

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.

HANSON PACKED PRODUCTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 16 July 2024 and signed on its behalf.



W F Rogers
Secretary

HANSON PACKED PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for preparing the Strategic Report, 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 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 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 United Kingdom 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

The Responsibilities Statement was approved by the board on 16 July 2024 and signed on its behalf.



W F Rogers
Secretary

Independent auditors' report to the members of Hanson Packed Products Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hanson Packed Products Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 2023; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 Strategic report and 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.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 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 Strategic report and 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health and Safety and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. 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 or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Reviewing meeting minutes of the board for evidence of breaches of regulations and further reviewing any relevant correspondence;
- Identifying and testing journal entries based on our risk assessment and evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud;
- Inquiries of management in respect of any known or suspected instances of non compliance with laws and regulations and fraud; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and obtaining corroborative evidence to support their reasonableness.

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.



Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
18th July 2024

HANSON PACKED PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Turnover	3	43,994	42,715
Change in stocks of finished goods and work in progress		(854)	1,116
Other operating income	4	469	805
Raw materials and consumables		(25,851)	(26,883)
Other operating expenses	5	(11,929)	(11,726)
Staff costs	7	(2,922)	(2,806)
Depreciation and amortisation	13,14	(1,168)	(1,076)
Operating profit		1,739	2,145
Interest receivable and similar income	9	18,835	12,521
Interest payable and similar expenses	10	(9,577)	(9,557)
Profit before tax		10,997	5,109
Tax on profit	11	(4,456)	(281)
Profit for the financial year		6,541	4,828
Total comprehensive income for the year		6,541	4,828

All amounts relate to continuing operations.

The notes on pages 20 to 49 form part of these financial statements.

HANSON PACKED PRODUCTS LIMITED
REGISTERED NUMBER: 00026306

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Goodwill	12	1,893	1,893
Other intangible assets	13	496	-
Tangible assets	14	8,807	9,365
Investments	15	123,772	123,772
		<u>134,968</u>	<u>135,030</u>
Current assets			
Stocks	16	4,374	5,616
Debtors: amounts falling due within one year	17	429,950	419,770
Cash at bank and in hand		-	10
		<u>434,324</u>	<u>425,396</u>
Creditors: amounts falling due within one year	18	<u>(92,038)</u>	<u>(89,170)</u>
Net current assets		<u>342,286</u>	<u>336,226</u>
Total assets less current liabilities		<u>477,254</u>	<u>471,256</u>
 Creditors: amounts falling due after more than one year	19	 <u>(202,232)</u>	 <u>(202,818)</u>
		<u>275,022</u>	<u>268,438</u>
Provisions for liabilities			
Other provisions	22	<u>(757)</u>	<u>(714)</u>
		<u>(757)</u>	<u>(714)</u>
Net assets		<u><u>274,265</u></u>	<u><u>267,724</u></u>

HANSON PACKED PRODUCTS LIMITED
REGISTERED NUMBER: 00026306

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Capital and reserves			
Called up share capital	24	351	351
Share premium account		44,576	44,576
Capital redemption reserve	23	500	500
Other reserves	23	2,713	2,713
Profit and loss account		226,125	219,584
Total equity		<u>274,265</u>	<u>267,724</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 July 2024.



A Quilez Somolinos
Director

The notes on pages 20 to 49 form part of these financial statements.

HANSON PACKED PRODUCTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2022	351	44,576	500	2,713	214,756	262,896
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,828	4,828
At 1 January 2023	351	44,576	500	2,713	219,584	267,724
Comprehensive income for the year						
Profit for the year	-	-	-	-	6,541	6,541
At 31 December 2023	351	44,576	500	2,713	226,125	274,265

The notes on pages 20 to 49 form part of these financial statements.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies

1.1 General information

Hanson Packed Products 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 (FRS 101) 'Reduced Disclosure Framework' and the Companies Act 2006.

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.

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 material 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 paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- 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;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Heidelberg Materials AG as at 31 December 2023 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.4 Going concern

The Directors have performed an assessment on the ability of the Company to operate on a going concern basis. This includes an assessment of the Company's financial position, Heidelberg Materials UK's divisional cash flow forecasts up to December 2025 and other relevant enquiries, including the on-going impact of the Ukraine and Middle East crises, political uncertainties, the volatility in energy and raw materials markets, continuing inflationary pressures, high interest rates and the overarching impact these factors have on construction and consumer markets, as well as consideration of identifiable risks made by the ultimate parent undertaking, Heidelberg Materials AG, on their global business activities. The ultimate parent undertaking continues to operate on a going concern basis.

The Directors continue to see ongoing demand for the Company's products and have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future having considered the risks and uncertainties that are relevant to both the Company and its ultimate parent undertaking and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of the money.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Accounting policies (continued)

1.6 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. The UK Companies Act requires goodwill to be reduced by provisions for depreciation of a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

1.7 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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.

1.8 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.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- over 3 to 50 years
Leasehold property	- over the term of the lease
Plant and machinery	- over 4 to 25 years
Right of use leased assets	- over the term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.9 Fixed asset investments

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

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.11 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.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

The Company's financial assets include amounts owed by group undertakings, trade and other receivables.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.11 Financial instruments (continued)

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 profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Accounting policies (continued)

1.11 Financial instruments (continued)

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 transactions costs.

The Company's financial liabilities include trade and other payables, and amounts owed to group undertakings.

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.

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

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 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.

1.14 Pensions

During the year, the Company participated in the Hanson Industrial Pension Scheme (Defined Benefit Section). Funds are held externally under the supervision of the corporate trustee.

The Hanson Industrial Pension Scheme is a group defined benefit plan which is participated in by entities under common control. As such the net defined benefit cost is recognised in the financial statements of Hanson Quarry Products Europe Limited, a fellow group undertaking, which is considered to be legally responsible for the plan on the basis that it is too difficult to reasonably allocate the Company's share of the Scheme's assets and liabilities on a consistent and reasonable basis. All other group entities recognise a cost equal to their contribution payable for the period.

The Company also participate in the Hanson Industrial Pension Scheme (Defined Contribution Section). Company contributions are expensed to the Statement of Comprehensive Income as incurred.

1.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.16 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

Restoration

The Company aims to reinstate land following mineral extraction or industrial occupation to a beneficial use as soon as reasonably practicable. This is done by consulting with interested parties to ensure that the after use is appropriate to both the needs of the local community and the natural environment.

The Company makes a provision on a discounted basis to return a factory site to a decontaminated, cleared and improved site and to make a provision to restore the present extracted areas to currently anticipated after-use.

1.17 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 2023**

1. Accounting policies (continued)

1.17 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 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.

1.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.19 Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

The proceeds on an issue are allocated to shareholders' equity, net of transaction costs. The carrying amount of equity is not re-measured in subsequent years.

When shares are issued that create a financial liability of the Company they are presented as a liability in the Balance Sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the Statement of Comprehensive Income.

The Company's cumulative non-redeemable preference shares have been accounted for as a financial liability (see note 19 and note 24).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Accounting policies (continued)

1.20 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.

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 exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- 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 cases 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 payments 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Accounting policies (continued)

1.20 Leases (continued)

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

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.

Impairment of goodwill

The Company's impairment test for goodwill is based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The results of the impairment review are detailed in note 12.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

**2. Judgments in applying accounting policies and key sources of estimation uncertainty
(continued)**

Restoration and other provisions

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the income statement as well as the amounts recognised in the Balance Sheet. The recognition and measurement of the other provisions are based on estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in note 22.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3. Turnover

The whole of the turnover and profit before taxation from continuing activities is attributable to the packaging and sale of bagged cement, mortars, concrete, asphalt and aggregate products. Turnover is recognised when the packed products are transferred to the customer.

All turnover arose within the United Kingdom.

Invoicing to customers of the Company is undertaken by Castle Cement Limited, a fellow subsidiary undertaking, who act as agent.

4. Other operating income

	2023 £000	2022 £000
Other operating income	86	23
Rental income	123	299
Profit on disposal of tangible assets	247	465
Foreign exchange difference - gain	13	18
	469	805

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5. Other operating expenses

	2023 £000	2022 £000
Selling and administrative expenses	1,021	795
Distribution expenses	8,161	8,110
Expenses for third party repairs and services	313	663
Rental and leasing expenses	79	48
Foreign exchange losses	21	53
Loss on disposal of tangible assets	10	-
Other expenses	2,324	2,057
	<u>11,929</u>	<u>11,726</u>

6. 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.

7. Staff costs

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

	2023 £000	2022 £000
Wages and salaries	2,482	2,367
Social security costs	240	247
Other pension costs	200	192
	<u>2,922</u>	<u>2,806</u>

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

	2023 No.	2022 No.
Production and distribution	55	57
Management, sales and administration	8	8
	<u>63</u>	<u>65</u>

8. 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 £1,552,000 (2022 - £1,394,000), 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 PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable from group companies	18,835	12,521

10. Interest payable and similar expenses

	2023 £000	2022 £000
Cumulative non-redeemable preference share dividends	9,411	9,411
Interest on lease liabilities	115	133
Discounted adjustments on provisions	26	13
Other interest payable	25	-
	9,577	9,557

11. Taxation

	2023 £000	2022 £000
Current income tax		
Current UK corporation tax on profits for the year	4,000	-
Adjustments in respect of previous periods	240	-
Total current tax	4,240	-
Deferred tax		
Origination and reversal of timing differences	292	318
Adjustments in respect of prior periods	(76)	(37)
Total deferred tax	216	281
Tax on profit	4,456	281

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Taxation (continued)

Reconciliation of the tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	10,997	5,109
Profit before tax multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	2,584	971
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,248	1,794
Changes to tax rates	18	76
Adjustments in respect of prior periods	(76)	(37)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(88)
Book profit on chargeable assets	(58)	-
Capital gains	58	4
Payment in respect of capital gains	240	-
Group relief	-	(2,252)
Transfer pricing adjustments	(558)	(187)
Total tax charge for the year	4,456	281

Change in corporation tax rate

The UK corporation tax increased from 19% to 25% on 1 April 2023.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. Goodwill

	2023 £000
Cost	
At 1 January 2023 and 31 December 2023	11,356
Amortisation	
At 1 January 2023 and 31 December 2023	9,463
Net book value	
At 31 December 2023	1,893
At 31 December 2022	1,893

The goodwill balance relates to the businesses of Small Lots (Mix-It) Limited, Supamix Limited and Mid Essex Packed Products. The carrying value of goodwill has been tested for impairment by reference to discounted cash flow forecasts with no impairment arising in the current year.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation of a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. If the Company amortised goodwill, a period of 20 years would have been chosen as its useful economic life. Profit for the year would have been £40,000 lower (2022 - £40,000 lower) if goodwill had been amortised on this basis and the remaining net book value would be £39,000 (2022 - £79,000).

HANSON PACKED PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

13. Other intangible assets

	Computer software £000
Cost	
At 1 January 2023	-
Additions - external	695
At 31 December 2023	<u>695</u>
Amortisation	
At 1 January 2023	-
Charge for the year on owned assets	199
At 31 December 2023	<u>199</u>
Net book value	
At 31 December 2023	<u>496</u>
At 31 December 2022	<u>-</u>

HANSON PACKED PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. Tangible fixed assets

	Freehold property £000	L/Term Leasehold Property £000	Plant and machinery £000	Right of use property assets £000	Right of use other assets £000	Assets under construction £000	Total £000
Cost or valuation							
At 1 January 2023	7,529	1,722	11,582	4,964	1,488	313	27,598
Additions	-	-	-	-	60	393	453
Transfers intra group	17	-	-	-	-	-	17
Disposals	-	-	(112)	(11)	(507)	-	(630)
Transfers between classes	-	-	312	-	-	(312)	-
At 31 December 2023	7,546	1,722	11,782	4,953	1,041	394	27,438
Depreciation							
At 1 January 2023	3,581	1,596	10,214	1,775	1,067	-	18,233
Charge for the year on owned assets	68	7	251	-	-	-	326
Charge for the year on right-of-use assets	-	-	-	441	202	-	643
Disposals	-	-	(102)	(11)	(458)	-	(571)
At 31 December 2023	3,649	1,603	10,363	2,205	811	-	18,631
Net book value							
At 31 December 2023	3,897	119	1,419	2,748	230	394	8,807
At 31 December 2022	3,948	126	1,368	3,189	421	313	9,365

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2023 £000	2022 £000
Freehold	3,897	3,948
Long leasehold	119	126
	<u>4,016</u>	<u>4,074</u>

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

	2023 £000	2022 £000
Tangible fixed assets owned	5,829	5,755
Right-of-use tangible fixed assets	2,978	3,610
	<u>8,807</u>	<u>9,365</u>

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

Net book value

	2023 £000	2022 £000
Property	2,748	3,189
Plant and machinery	131	254
Motor vehicles	99	167
	<u>2,978</u>	<u>3,610</u>

Depreciation charge for the year ended

	2023 £000	2022 £000
Property	441	441
Plant and machinery	106	140
Motor vehicles	96	105
	<u>643</u>	<u>686</u>

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2023 and 31 December 2023	273,371
Impairment	
At 1 January 2023 and 31 December 2023	149,599
Net book value	
At 31 December 2023	123,772
At 31 December 2022	123,772

There was no impairment during the year as net assets exceed or equal the carrying value. Net assets has been used as an approximation of the fair value less costs of disposal.

Direct subsidiary undertakings

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

Name	Country of incorporation	Class of shares	Holding	Principal activity
Desimpel Brick Limited	England and Wales	Ordinary	100%	Group finance company
Hanson (FH) Limited	England and Wales	Ordinary	100%	Holding company
Hanson (RBMC) Limited	England and Wales	Ordinary	100%	Group finance company
Hanson (SH) Limited	England and Wales	Ordinary	100%	Holding company
Hanson Brick Ltd	England and Wales	Ordinary	100%	Group finance company
Hanson Clay Products Limited	England and Wales	Ordinary	100%	Group finance company
Hanson Thermalite Limited	England and Wales	Ordinary	100%	Group finance company
Hanson TIS Holdings Limited	England and Wales	'A' Ordinary 'B' Ordinary	100% 100%	Holding company
Hanson TIS Limited ^	England and Wales	Ordinary	3%	Dormant
Irvine-Whitlock Limited	England and Wales	Ordinary	100%	Non-trading
Tilmanstone Brick Limited	England and Wales	Ordinary	100%	Group finance company

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Fixed asset investments (continued)

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
Hanson (F) Limited	England and Wales	'A' Ordinary	100%	Group finance company
		'B' Ordinary	100%	
		Preference	100%	
Hanson Building Products Limited *	Jersey	Ordinary	100%	Group finance company
Hanson TIS Limited ^	England and Wales	Ordinary	97%	Dormant
Heidelberg Materials BP Limited	England and Wales	Ordinary	100%	Holding company

* Registered as a UK establishment.

^ The Company owns 3% of Hanson TIS Limited directly and the remainder is held indirectly through Hanson TIS Holdings Limited.

The registered office of Hanson Building Products Limited is 22 Grenville Street, St Helier, Jersey, Channel Islands, JE4 8PX.

The remaining investments have a registered office of Second Floor, Arena Court, Crown Lane, Maidenhead, Berkshire, SL6 8QZ.

16. Stocks

	2023 £000	2022 £000
Raw materials and consumables	1,592	2,243
Finished goods and goods for resale	2,782	3,373
	<u>4,374</u>	<u>5,616</u>

Replacement costs of stock

The difference between purchase price or production cost of stocks and their replacement cost is not material.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Debtors

	2023 £000	2022 £000
Due within one year		
Amounts owed by group undertakings	426,722	417,313
Other debtors	2,024	1,037
Deferred taxation	1,204	1,420
	<u>429,950</u>	<u>419,770</u>

Amounts owed by group undertakings are interest free except for a balance of £199,800,000 (2022 - £199,800,000) which receives interest at 4.96% per annum and a balance of £195,472,000 (2022 - £186,067,000) which receives interest at SONIA.

All amounts owed by group undertakings are unsecured and repayable on demand.

18. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	2,867	4,238
Amounts owed to group undertakings	87,243	83,215
Lease liabilities	648	676
Accruals and deferred income	1,280	1,041
	<u>92,038</u>	<u>89,170</u>

Amounts owed to group undertakings are interest free except for a balance of £5,989,000 (2022 - £nil) which pays interest at SONIA + 0.33%.

All amounts owed to group undertakings are unsecured and repayable on demand.

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

	2023 £000	2022 £000
Lease liabilities	2,432	3,018
Preference share capital treated as debt	108	108
Preference share premium treated as debt	199,692	199,692
	<u>202,232</u>	<u>202,818</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 24.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

20. Leases

Company as a lessee

The Company leases property, plant and machinery as well as vehicles used by its employees.

Lease liabilities are due as follows:

	2023 £000	2022 £000
Not later than one year	648	676
Between one year and five years	2,000	2,089
Later than five years	432	929
	<u>3,080</u>	<u>3,694</u>

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

	2023 £000	2022 £000
Interest expense on lease liabilities	115	133
Expenses relating to short-term leases	(79)	48
	<u></u>	<u></u>

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

21. Deferred taxation

	2023 £000	2022 £000
At beginning of year	1,420	1,701
Charged to the Statement of Comprehensive Income	(216)	(281)
At end of year	1,204	1,420

The deferred tax asset is made up as follows:

	2023 £000	2022 £000
Capital allowances	1,075	1,293
Other temporary differences	129	127
	1,204	1,420

Deferred tax has been recognised at 25% (2022 - 25%), being the enacted main rate of corporation tax at the balance sheet date on which the deferred tax asset is expected to be realised.

22. Provisions

	Restoration £000	Other provisions £000	Total £000
At 1 January 2023	702	12	714
Charged to profit or loss	12	-	12
Increase in restoration asset	17	-	17
Unwind of discount	26	-	26
Utilised in year	-	(12)	(12)
At 31 December 2023	757	-	757

Restoration

Provisions for terminal restoration have been discounted at 4.1% (2022 - 4.0%) per annum on current prices and where appropriate have been established after taking account of the advice of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. All amounts greater than 12 months are discounted. The restoration provision is held to cover the costs of restoring land to its original state. The costs will be incurred over the useful life of the land, most of which is over 12 months.

Sensitivity analysis shows that an increase of 0.5% in the discount rate would result in a decrease in the restoration provision of 7% and a decrease of 0.5% in the discount rate would result in an increase in the restoration provision of 7%.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22. Provisions (continued)

Other provisions

The customer complaints provision was to cover costs of remedial work carried out as a result of quality issues.

23. Reserves

Capital redemption reserve

The capital redemption reserve represents the cost of redeeming shares out of distributable reserves of the Company.

Other reserves

The other reserve represents capital contributions received by the Company.

24. Share capital

	2023 £000	2022 £000
Shares classified as equity		
Allotted, called up and fully paid		
2,808,001 (2022 - 2,808,001) Ordinary shares of £0.125 each	351	351
	<u>351</u>	<u>351</u>
	2023 £000	2022 £000
Shares classified as debt		
Allotted, called up and fully paid		
1,200,000 (2022 - 1,200,000) Cumulative non-redeemable preference shares of £0.09 each	108	108
	<u>108</u>	<u>108</u>

The Company has no authorised share capital limit.

Each ordinary share has two votes.

The preference shares are entitled to a fixed rate dividend. On winding up of the Company the preference shareholders are entitled to payment of the nominal value plus any premium paid for the shares and any arrears in dividend (whether declared or not) in priority to any other class of share. Shareholders are entitled to attend and vote at any general meeting, each share carries one vote.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

25. Pension commitments

During the year, the Company participated in the defined benefit section of the Hanson Industrial Pension Scheme ("the Scheme") and relevant employees are eligible for benefits under this funded defined benefit Scheme. Funds are held externally under the supervision of the corporate trustee (Trustee). The Company participates in the Scheme along with several other UK companies forming part of the Heidelberg Materials AG group (the "Group").

The results of the latest funding valuation at 31 December 2021 have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 31 December 2021, 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 Scheme was closed to future accrual in September 2010. Scheme assets are stated at their market values at the respective Balance Sheet dates.

The assets and liabilities of the Scheme are recognised in the financial statements of Hanson Quarry Products Europe Limited and the balances at 31 December were:

	2023 £000	2022 £000
Scheme assets at fair value		
Cash and cash equivalents	34,680	31,854
Equity	143,443	160,643
Interest rate swaps	48	689
Nominal government bonds	565,216	385,207
Nominal corporate bonds	121,984	95,825
Index linked bonds	623,376	836,080
Real estate	92,329	95,367
Insurance policies	5,563	6,681
Fair value of Scheme assets	1,586,639	1,612,346
Present value of Scheme liabilities	(1,102,662)	(1,103,983)
Defined benefit Scheme assets	483,977	508,363

Scheme assets can be further disaggregated as:

Equity

- Investment of £46,039,000 is in a pooled investment world equity fund with inputs based on indirectly observable quoted prices
- Investment of £97,404,000 is in a pooled investment infrastructure equity fund with inputs that are unobservable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
25. Pension commitments (continued)
Interest rate swaps

- Interest rate swaps have inputs that are unobservable.

Real estate

- Investments in property funds are unlisted and the inputs are unobservable.

The value of the "buy-in" insurance policies held in the name of the Trustee has been set equal to the value of the matched liabilities.

The Company and Trustee 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 Scheme 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 Trustee aims to achieve the Scheme's investment objectives through investing partly in a diversified mix of growth assets which, over the long term, are expected to grow in value by more than low risk assets like cash and gilts. This is done within a broad liability driven investing framework that uses cash, gilts and other hedging instruments like swaps in a capital efficient way. In combination this efficiently captures the trustee risk tolerances and return objectives relative to the Scheme's liabilities. A number of investment managers are appointed to promote diversification by assets, organisation and investment style.

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

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

	2023	2022
	%	%
Rate of salary increases *	3.05	3.10
Rate of increase in pension payments LPI 5%	2.88	2.97
Discount rate	4.55	4.80
RPI inflation assumption	3.05	3.20
CPI inflation assumption	2.55	2.60

* For 2023 this reflects CPI inflation + 0.5% p.a. (2022 - CPI inflation + 0.5% p.a.).

The mortality assumptions are based on recent actual mortality experience of members within the Scheme with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 20.9 years if they are male (2022: 21.1 years) and for a further 22.9 years if they are female (2022: 23.1 years).

For a member who retires in 2044 (2022: 2043) at the age of 65 the assumptions are that they will live on average for a further 21.9 years after retirement if they are male (2022: 22.1 years), and for a further 24.1 years after retirement if they are female (2022: 24.3 years).

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

25. Pension commitments (continued)

Sensitivity analysis

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

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease 0.5%	Decrease 5% / increase 6%
Pension increase rate	Increase / decrease 0.25%	Increase 2% / decrease 3%
Life expectancy	Increase / decrease 1 year	Increase 4% / decrease 4%

The assumption on discount rate for sensitivity analysis has been changed from 1% to 0.5% considering the insignificant movement in the discount rate during the year.

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

	2023 £000	2022 £000
Opening defined benefit obligation	1,103,983	1,686,298
Current service cost	1,895	2,739
Interest cost	51,295	32,901
Actuarial losses/(gains) on Scheme liabilities	16,169	(535,487)
Net benefits paid out	(70,680)	(82,468)
Closing defined benefit obligation	<u>1,102,662</u>	<u>1,103,983</u>

The actuarial losses/(gains) on Scheme liabilities can be broken down into effects from the adjustment of financial assumptions resulting in a loss of £22,722,000 (2022 gain - £516,127,000), effects from experience adjustments resulting in a loss of £9,726,000 (2022 loss - £8,974,000), and effects from changes in demographic assumptions resulting in a gain of £16,279,000 (2022 gain - £28,334,000).

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

	2023 £000	2022 £000
Opening fair value of Scheme assets	1,612,346	2,325,635
Expected return on Scheme assets	75,238	45,680
Administrative expenses paid by the Scheme	(1,408)	(1,375)
Actuarial losses on Scheme assets	(12,635)	(675,653)
Contributions paid by the employers	(16,222)	527
Net benefits paid out	(70,680)	(82,468)
Closing fair value of Scheme assets	<u>1,586,639</u>	<u>1,612,346</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

25. Pension commitments (continued)

Amounts for the current and previous four years:

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Fair value of Scheme assets	1,586,639	1,612,346	2,325,635	2,380,513	2,247,904
Defined benefit obligation	(1,102,662)	(1,103,983)	(1,686,298)	(1,865,761)	(1,686,834)
Surplus in scheme	483,977	508,363	639,337	514,752	561,070
Experience (losses)/gains on Scheme assets	(12,635)	(675,653)	(892)	182,621	151,897
Experience (losses)/gains on Scheme liabilities *	(9,726)	(8,974)	(6,177)	17,984	2,818

* 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 latest funding valuation as at 31 December 2021 was agreed on 22 December 2022. The valuation showed a surplus of £358,500,000, therefore no deficit recovery contributions are required. As part of the valuation it has been agreed that the Company will pay no contributions in respect of death in service, incapacity retirement and redundancy retirement benefits. Expenses, including levies payable to the Pensions Protection Fund (PPF) are met out of the Scheme assets. The next funding valuation is due with an effective date no later than 31 December 2024.

The Scheme also has a contingent funding mechanism in place whereby further contributions are payable to the Scheme based on operating income targets agreed between the employers and the Trustee. Once the Scheme is in surplus, contingent funding mechanism contributions are no longer payable.

The Company has guaranteed a proportion of the funding obligations that the other funding sponsors of the Scheme have to that Scheme. In addition, the ultimate parent undertaking, Heidelberg Materials AG has guaranteed the entire funding obligations of the Scheme.

The Scheme is recognised on the balance sheet of Hanson Quarry Products Europe Limited as this entity is considered to bear the risks relating to the plan due to the proportion of members employed by the entity. The number of current and deferred members employed directly by the Company is an insignificant percentage of the total membership.

Hanson Quarry Products Europe Limited recognises the pension scheme surplus in accordance with the requirements of IFRIC 14. The Trustee of the Scheme does not have the unilateral right to commence wind-up of the Scheme. Thus, the Company assumes that the Scheme continues in existence until the last benefit payments are made to members, at which point any residual assets are returned to the employer in line with the rules of the Scheme.

The Company is not yet clear on whether the IASB's proposed amendments to IFRIC 14 will affect its ability to receive a refund of surplus in this situation. Once the amendments have been finalised, management will review the likely impact.

HANSON PACKED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

26. Contingent liabilities

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

27. Post balance sheet event

After the year end the Company received £30,537,000 from Houserate Limited to fully settle the amount owed to the Company.

On 3 May 2023, the Company disposed of its packed products business and assets at Needingworth for total consideration of £274,000, realising a profit on disposal before legal costs of £239,000.

28. 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:

	2023 £000	2022 £000
Amounts owed by ultimate parent undertaking	195,472	186,067
Amounts owed by indirect parent undertaking	30,537	30,536
Amounts owed by fellow group subsidiary undertakings	200,713	200,710
Amounts owed to ultimate parent undertaking	(5,989)	-
Amounts owed to indirect/direct subsidiary undertakings	(78,841)	(78,841)
Amounts owed to fellow group subsidiary undertakings	(2,423)	(4,374)
	<u>339,469</u>	<u>334,098</u>

29. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson (ER - No 10) 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.