Registered number: 02182762

CASTLE CEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CASTLE CEMENT LIMITED

COMPANY INFORMATION

Directors	E A Gretton M D Barlow S L Willis J P Morrish A Quilez Somolinos
Company secretary	W F Rogers
Registered number	02182762
Registered office	Second Floor Arena Court Crown Lane Maidenhead Berkshire SL6 8QZ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

CASTLE CEMENT LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

Business review

The principal activity of the Company is the manufacture and sale of cement primarily for use in the ready mixed concrete and manufactured concrete products industries. The Company also acts as an intermediary agent for sales of Regen products by a fellow subsidiary undertaking Civil and Marine Limited to third party customers.

Turnover for the year was £324,828,000 (2023 - £331,104,000), a decrease of 2% compared with 2023, generating an operating profit of £74,557,000 (2023 - £53,191,000). The increase in operating profit was primarily driven by cost control during the year. Lower commodity costs were also seen in 2024 due to business rebates resulting in improved margins.

Construction demand in 2024 recorded lower levels of activity than historical averages due to economic uncertainties in the macro economic environment. The first half of the year showed reduced sales activity, with the second half having a much more positive trend in terms of volumes. Overall cement volumes were similar to the prior year.

The Company continued to make investments to reduce CO_2 emissions, including investing in carbon capture technology at Padeswood, which is currently at the FEED (Front End Engineering Design) stage. These costs have been treated as Assets under construction within Tangible assets.

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 2024 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 it fosters 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.

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

Heidelberg Materials UK Sustainability Policy (continued)

Full details of Heidelberg Materials UK's 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 focus 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, and PAS 2080 and together with BES 6001:Issue 4.0; 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.

During 2024 the Company continued to roll out its Heidelberg Materials UK 2030 commitments in relation to the four key pillars: net zero, safe and inclusive, nature positive and circular and resilient. The 2024 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 imbedded within the business. During 2024 further work was undertaken to enhance, measure and record Heidelberg Materials UK's social value impact after it had achieved certification to Social Value UK's Level 1 'Commit' stage of accreditation, and a wider social value strategy was developed for 2025 and 2026.

2024

During 2024 the Company continued investments in plant improvements for sustainability, energy and reliability.

At Ketton several projects were completed to reduce energy usage in heat generation processes, to improve product quality and to lessen the impact on the environment by the introduction of better dust emission control equipment. The plant successfully completed a period of operating the kiln without fossil fuel (coal) and achieved an overall alternative fuel yearly rate of 89%, which significantly contributed to the Company's sustainability targets.

At Padeswood, the main project of feeding SRF (Solid Recovered Fuel) to the main burner was further delayed from prior year due to contractor issues. Nevertheless the plant achieved its highest ever alternative fuel yearly rate of 72%. Modifications to the existing animal meal silo allowed the use of other fuels which contributed to the plant's increased alternative fuel usage. Further investments at the plant were made to the raw mill circuit which will allow for the main drive to be able to operate at variable speeds in 2025 improving energy consumption.

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

2024 (continued)

Padeswood continues with its ambition to reach net zero. The FEED (Front End Engineering Design) process for the Carbon Capture plant continued to progress well with both planning and permit applications submitted to the relevant authorities in 2024. There are still many stages to go through to achieve a Final Investment Decision from government but the Company continues to work diligently to meet all the required deadlines and complete successful negotiations with the government to go forward and build the plant. The project is reliant on government funding.

The Company continued to research potential new sources of alternative fuels and alternative raw materials to reduce CO2 emissions and trials are being planned. The Company will continue to focus on reducing CO2 from its processes by finding other replacement products for its existing fuels and raw materials, as well as participating in industrial trials.

At Ribblesdale several strategic projects were progressed to maintain effective operations at the site as well as to significantly improve the site's environmental performance. Despite the postponement to 2026 of the installation of the SRF feed system to the kiln main burner due to contractor issues, the plant achieved its highest ever alternative fuel yearly rate of 76%.

Key mobile quarry equipment, including loading shovels and dump trucks, were reconditioned and serviced to extend their working life. There was also significant investment in laboratory equipment, including a new cross-belt x-ray analyser, to provide improved and more up to date analysis on the composition of materials, which will lead to more efficient use of quarry reserves.

A new palletiser was installed to improve the business's capacity for supplying packed cement to the market. In 2024 the largest investment in over 40 years to replace the existing kiln filters was commenced which will significantly boost plant performance and reduce kiln emissions.

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.

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, a series of town hall talks presented by the Heidelberg Materials UK chief executive officer, driver forums, 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 2024.

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.

For the local communities where the Company's three cement production sites are situated, stakeholder engagement included the distribution of each site's regular local Open-Door community newsletter and/or communication through each site's community webpage. Numerous site visits and tours continued throughout 2024. Site meetings and regular local face to face liaison meetings with community councillors took place.

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

2024 (continued)

Further investments and improvements in the interest of sustainability and the lessening of the potential for impact on communities and the environment include the following:

- The Company uses domestic and industrial waste derived fuels in its cement kilns, which reduces fossil fuel usage. The Company also manufactures cements containing less clinker and a higher proportion of limestone in order to reduce the level of carbon, embedded CO2, in our product. The Company has a clear focus towards 2030 and beyond and is updating masterplans to meet the challenges of reducing CO2 emissions working together with our ultimate parent company.

- The Company ensures that waste bypass dust from its cement plants is diverted from landfill and has undertaken research and development to convert this into an inert non-hazardous product.

The Company's ongoing investment in the Expert Systems platform for cement allows for enhanced digitalisation, reduced energy usage and increased process efficiency, particularly in a planning tool to allow the plants to plan production to meet customer needs but also to utilise the low power periods during the day.

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 six risks set out in the business's 2024 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.

Steps taken during 2024 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, new rail links, site management contact details, arranging site visits, carbon reduction, energy, raw materials and water usage reduction, waste management, biodiversity, applicable quality processes, career opportunities and the minutes of each site's liaison meetings can all be found on Heidelberg Materials UK's websites www.heidelbergmaterials.co.uk, www.careers.heidelbergmaterials.co.uk and www.communities.heidelbergmaterials.co.uk.

Principal risks and uncertainties

Market Demand Risk

The demand for many of the products produced by the Company is closely linked with economic conditions, specifically levels of infrastructure and housing construction output. 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.

The Company works to build strong relationships with its customers and to provide a high quality service to them.

Regulatory Risk

Government policy relating to the development of transport infrastructure and housing have a significant effect on demand for the Company's products and, as a result, the Company's profitability. Decreases in government funding or in the allocation of those funds for transport infrastructure and housing projects could reduce the funds available for spending on the Company's products, therefore potentially reducing sales and profits.

Changes in government policy or legislation relating to planning, the environment, health and safety and industry related taxes could significantly affect the Company's regulatory compliance and other operating costs. Numerous governmental approvals are required for the Company's operations. In the past the Company has been required to make significant capital expenditure to comply with planning, water, air and solid and hazardous waste regulations. The Company may be required to make similar expenditure in the future to ensure business continuity and these are most likely to be in the areas of Energy and Carbon in the near future.

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.

Energy risk

The Company is a significant purchaser of energy and fuel for the processing and transport of its products. Increases in these costs can significantly impact the Company's costs and disrupt its operations. The profitability of the Company could be adversely affected if the Company was not able to recoup such costs in the prices of its products. The Company also attempts to limit its exposure to these risks by entering into hedges where appropriate. Transport logistics play an important part in the Company's supply chain. Any material disruption to, or lack of availability, of such transport support could significantly impact operating costs and reduce profitability.

The Company makes use of purchase contracts and is also part of the wider buying group for energy, in addition the Company has invested in facilities to enable the use of alternative fuels in its production process.

Credit risk

Credit risk is the risk of the Company suffering from the failure of a counterparty to settle a debt to the Company. The Company limits financial credit risk by ensuring appropriate credit checks are carried out on new customers. Existing customers are actively monitored and steps taken to recover overdue debts.

Production risk

The Company's production facilities are highly automated and the failure of a key component can cause production to temporarily cease, with the potential impact on cost and supplies to customers.

The Company has robust assessment programmes for all equipment which includes scheduled maintenance shut-downs. Furthermore, the Company maintains stocks of critical spares.

Principal risks and uncertainties (continued)

Systems compliance Risk

The implementation of software to improve the efficiency and effectiveness of various business processes is an important contributor to the Company's ongoing operations. Failure to design, select appropriate suppliers and implement such systems effectively could result in unplanned costs or reduced levels of customer satisfaction. This could adversely affect the Company's results and profitability. The Company has a strong development and implementation process with a dedicated IT team to manage and mitigate any risk in this area.

Environmental Risk

The Company's impact upon the environment or the effects of climate change could expose the Company 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.

Pensions Risk

The Company operates a defined benefit pension scheme (the "Scheme"), which is closed to future accrual. The amounts reported in the accounts for the Scheme are based on advice from independent actuaries.

Results under IAS 19 can change dramatically depending on market conditions and will lead to volatility in the net pension asset on the Company's Balance Sheet and in Other Comprehensive Income. The actuarial assumptions have been set so that they represent a best estimate of future experience from the Scheme. In practice, the true costs for the Scheme could be different to those shown.

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

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

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.

Cyber Security Risk (continued)

To counteract this threat level, Heidelberg Materials UK 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 includes 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.

This report was approved by the board on 16 September 2025 and signed on its behalf.

Wendy F Rogers

W F Rogers
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their report and the financial statements for the year ended 31 December 2024.

Results and dividends

The profit for the year, after taxation, amounted to £70,181,000 (2023 - £45,329,000).

During the year, actuarial losses after taxation of £2,490,000 (2024 - £4,943,000 losses after taxation) were recognised in Other Comprehensive Expense in relation to the Castle Pension Scheme.

An interim dividend of £31,500,000 (2023 - 10,500,000) was paid during the year. The Directors do not recommend the payment of a final dividend (2023 - £nil).

Future developments

Demand is expected to recover slightly in 2025 and the business will continue to manage costs and prices in order to maintain performance. Investment in reduction of fossil fuels continues alongside investment in carbon capture. The business is working with the government to progress its carbon capture and storage project which has now completed FEED and negotiations are progressing.

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 and forecast performance, Heidelberg Materials UK's divisional cash flow forecasts up to December 2026 and other relevant enquiries, including: the on-going impact of geopolitical instability in Ukraine and the Middle East and other political uncertainties; energy and raw material market volatility; persistent inflationary pressures; proposed tariffs; relatively 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.

Risk management

The Directors' report on Risk Management policies is included within the Strategic Report under Principal risks and uncertainties

Directors

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

E A Gretton
M D Barlow
S L Willis
J P Morrish
A Quilez Somolinos

Research and development activities

The Company carries out research and development on its own behalf to advance the marketability of its products. Research costs are written off in the year in which they are incurred. Development costs are capitalised if they meet the criteria of IAS 38 Intangible Assets.

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 2024.

Engagement with employees

The Company takes a number of measures to ensure proactive and meaningful engagement with its workforce - this applies to all employees and all companies within Heidelberg Materials UK.

Heidelberg Materials UK values engagement with its workforce, as a key stakeholder. The engagement takes place on many different levels, using a variety of formal and informal measures, which facilitates two-way dialogue to ensure employees have a direct voice to the executive team.

An employee forum has been established, with 13 active employee representatives representing the various business lines and staff functions. The forum meets fortnightly and is chaired by the HR Director or Senior HR Business Partner.

Four members of the forum also sit on the ultimate parent company's European Works Council, which the Directors believe represents a positive opportunity for the UK workforce to make its voice heard directly at the level of the ultimate parent company.

The employee forum acts as a key information and discussion channel between employees and executive management. At the September 2024 meeting, Heidelberg Materials UK's chief executive officer (CEO), together with business line managing directors, provided detailed updates on business line specific activities, business performance and markets, health and safety progress, digital and our new people plan.

Employee representatives raised numerous points of discussion during the meeting, with employees invited to anonymously submit questions in advance. These processes lead to a combination of management commitments, reviews and explanations on a wide range of safety, environmental, operational and commercial matters. Minutes are taken which are published on the Heidelberg Materials UK intranet, together with the questions and answers. The Directors believe that the employee forum provides a positive and transparent means of engaging with the workforce as a key stakeholder, in the interests of the long-term sustainability of the Company and its operations.

In addition to the employee forum, the CEO delivers a national leadership communication roadshow each year. These take the form of informal town hall talks, with the CEO providing detailed updates to staff regarding business performance, strategy and the priorities for the year ahead, as well as giving the workforce the opportunity to put questions directly to the senior management in attendance. In addition, core business areas have a stall with representatives from across the business discussing their priorities for 2024 and beyond, and engaging on any challenges, issues or other matters employees would like to get feedback on.

Other measures to facilitate effective engagement with employees include the regular business update via teams by the CEO and executive management, as well as the quarterly publication of Heidelberg Materials UK's Team magazine, which is sent to every employee's home address, and includes regular updates through the year on business performance and strategy. Heidelberg Materials UK's Team magazine also communicates to employees the many positive measures Heidelberg Materials UK takes to support our local communities as key stakeholders in the context of the long-term sustainability of our operations.

Engagement with employees (continued)

All Heidelberg Materials employees have been assigned an email address and have the ability to access our people system, Workday, where they can view their personal information and payslip.

We regularly provide updates on Viva Engage and continue to increase our presence on Social Media which has meant we are reaching a wider and more diverse audience with our communications and business activities, contributing to the enhancement of our employer brand. The Directors value the consultations undertaken with trade unions, setting out detailed business performance updates when meeting with them.

Driver engagement continues to be a focus with sessions held at our 3 cement plants alongside numerous health and safety meetings with driver representatives.

Heidelberg Materials UK places great importance on visible and engaged leadership. Management frequently visits sites to discuss health and safety, as well as other broader topics, with employees. Safety conversations in particular are closely monitored to demonstrate the commitment to engaged leadership and the significance of safety.

The Human Resources Director works with the HR Business Partnering Team and attends management meetings to provide insight on feedback regularly received from employees at various forums which often influences the direction of the business's People Strategy. Through the work and engagement carried out within the business the HR team are ensuring the Company's values and culture are embedded within the workforce.

In 2024, we developed a new people strategy by collaborating with representatives from various parts of the business to shape our future together. This strategy was formed through conducting workshops with business representatives. We also collaborated with colleagues from Heidelberg Materials European countries to share best practices. These workshops provided a platform for exchanging ideas, addressing challenges, and fostering a collaborative environment that supports our strategic goals.

Employee surveys are carried out periodically, and in September 2024, we conducted a comprehensive survey to monitor the culture and values within our workforce. The results showed a significant improvement in the engagement score, which increased from 73% to 78%. This positive change reflects our ongoing efforts to create a supportive and engaging work environment.

To build on this success, we are currently developing action plans aimed at providing continuous improvement. These plans will address the feedback received from the survey and focus on key areas such as employee well-being, professional development, communication and workplace culture. Our goal is to ensure that our employees feel valued and heard, and that we continue to foster a positive and inclusive workplace.

In addition to the engagement survey, we conducted a wellbeing survey in January 2024 to assess the current state of employees' mental health. This survey helped us evaluate the effectiveness of our wellbeing strategies and identify areas for improvement. As a result, we have trained over two hundred mental health first aiders to support our employees. Additionally, we created a wellbeing dashboard that provides management and support functions with insightful data to take informed actions.

A further component of engagement with employees is the annual Heidelberg Materials UK return to work carried out on the first working day of the New Year, with the usual Health and Safety stand down held.

Heidelberg Materials UK is committed to being a fair, inclusive, and respectful business, whilst raising awareness of key challenges both internally and across the industry. To implement this commitment, we have a Fairness, Awareness, Inclusion and Respect (FAIR) committee. Led by a member of the executive board and made up from a range of diverse backgrounds the committee shape our strategy and promote the business as a place where anyone, regardless of gender, background, age, ethnicity, disability or sexual orientation feels welcome and able to have a successful career.

Engagement with employees (continued)

In addition to the FAIR committee, we have three employee networks: Network of Women (NOW), LGBT+ network and the Armed Forces Network. Investing in FAIR continues to be a paramount priority for us, and it plays a pivotal role in our staff retention strategy. It fosters a positive work environment that entices and motivates them to remain part of our team.

We participate in the Disability Confident scheme, providing an inclusive and accessible work environment that values diversity and equal opportunities. We are silver accredited with the Armed Forces Covenant which recognises the support we have put in place for employee armed forces personnel, veterans, and their families.

We have a Sabbatical Policy which was extended to our early talent trainees in 2024 and we continue to allow staff flexibility in their working location, if the job allows, to give a better work-life balance.

We continuously review our family policies to better support our employees. In January we extended our Paternity Leave to three weeks and extended the pay on our Maternity policy to support new parents. We also have a progressive Neonatal Leave policy, a Fertility policy, and a Menopause policy to support employees in their time of need. Employees are provided with an occupational health program that includes annual and biennial medicals depending on job profile. An Employee Assistance Programme (EAP) provides employees with immediate access to confidential 24-hour telephone counselling and support. The helpline is available to support all Heidelberg Materials UK employees and provides support through work and life issues and problems arising, ranging from legal to medical, stress and general health, fitness and wellbeing advice. The EAP is completely confidential, with high level statistical information relating to usage level being passed to management for periodic review.

Heidelberg Materials UK's values are also underpinned by a broad range of policies ranging from management responsibilities and matters of legal compliance, to dignity at work and ensuring fairness, inclusion and respect in the workplace always. Where employees do not feel able to express concerns within the structure of reporting lines, an online reporting platform has been established to provide employees with an opportunity to address any compliance related concerns and matters of potential policy transgression, within a safe and protected process; issues raised are reviewed and investigated, with reporting back to the Heidelberg Materials UK executive team.

The various measures described in this report are reviewed annually by the Heidelberg Materials UK executive team and the Company believes that collectively they allow for a strong level of communication and engagement with employees.

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 future training and career development.

Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	Year to 31 Dec 2024	Year to 31 Dec 2023
Energy consumption used to calculate emissions (kWh)	292,948,782	281,151,763
Emissions from combustion of gas tCO_2e (Scope 1)	90	95
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	8,276	8,923
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO_2e (Scope 3)	0	0
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	53,216	50,194
Total gross tCO_2e based on above (location-based)	61,582	59,212
Intensity ratio (tCO_2e/Turnover in £000) (location-based)	0.18958	0.17884
Emissions from purchased electricity tCO_2e (Scope 2, market-based)	91	93
Total gross tCO_2e based on above (market-based)	8,457	9,111
Intensity ratio (tCO_2e/Turnover in £000) (market-based)	0.02604	0.02752

Energy Efficiency Actions Summary

The Company forms part of the Heidelberg Materials UK operating division of Heidelberg Materials AG. Responsibility for the environment remains a core operating principle, with sustainability an integral part of the Company's strategy. The Company met the 2024 ESOS compliance requirements , maintaining energy and carbon management systems to ISO 50001 standards. Science-based targets have been set, whereby the Company intends to be carbon neutral across its entire product portfolio and achieve net zero emissions by 2050.

The Company has undertaken several initiatives to enhance energy efficiency and reduce carbon emissions. The use of ultrasonic and thermal cameras have been implemented to identify energy loss and areas for improvement. The Company has trialled a low embodied carbon refractory brick, saving energy on site and contributing to a reduction in carbon emissions. Improvements to the SRF feed systems for the main burners have been made, to further optimise fuel usage. At the Padeswood plant, the replacement of the raw mill main motor has enhanced efficiency whilst also increasing throughput, and leading to operational improvements. All sites have seen the use of variable speed drive systems to improve energy efficiencies. Plant energy optimisations continue with a mix of new equipment, rebuilds, driver training and the use of correctly sized machines for suitable task loading.

Streamlined Energy and Carbon Reporting (continued)

Methodology Notes

Reporting Period	January 2024 – December 2024
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Castle Cement Limited's annual accounts made up to 31st December 2024
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2024 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024
Conversion factor source	Natural Gas and 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_2e) Activity Data x Conversion Factor = kWh consumption
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 Company employee numbers of the total employee numbers (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	256,495,533 kWh
Information on carbon free electricity	The electricity supplied to the Company by EDF for 01.01.2024 to 31.12.2024 has been generated from 100% carbon free (nuclear) sources, except for landlord sites. Using the GHG Protocol Corporate Standards' market-based approach the above enables us to report "0" emissions under Scope 2.
Reason for the intensity measurement choice	For consistency, due to the cement market data order, turnover has been chosen for our intensity metric as the company is precluded by law from publishing production data. Turnover reflects business performance and following the recommendations of the SECR reporting guidance on financial metrics.
Exclusions	The Scope 3 transport fuels and the associated emissions were calculated in the first reporting year and were found to be de minimis. The usage was 820 litres of diesel and 813 litres of petrol in financial year 2020. Using the 2021 DEFRA factors for conversion these add up to 3.84 tCO_2e, which is 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' indemnity

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

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

Disclosure of information to auditors

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

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

Independent auditors

PricewaterhouseCoopers LLP having indicated their willingness to act will continue in office, as auditors of the Company, in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 September 2025 and signed on its behalf.

Wendy F Rogers

W F Rogers
Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The Responsibility Statement was approved by the board on 16 September 2025 and signed on its behalf.

Wendy F Rogers

W F Rogers
Company Secretary

Independent auditors' report to the members of Castle Cement Limited

Report on the audit of the financial statements

Opinion
In our opinion, Castle Cement Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 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 2024; 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 2024 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;
- Inquiring of management in respect of any known or suspected instances of non compliance with laws and regulations and fraud;
- 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

Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
17 September 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Turnover	4	324,828	331,104
Change in stocks of finished goods and work in progress		1,718	(4,618)
Other operating income	6	4,670	2,529
Raw materials and consumables		(103,283)	(120,863)
Other operating expenses	7	(93,371)	(90,081)
Exceptional items	8	-	(3,000)
Staff costs	10	(48,159)	(49,747)
Depreciation and amortisation	17	(11,846)	(12,133)
Operating profit		74,557	53,191
Interest receivable and similar income	12	5,629	4,355
Interest payable and similar expenses	13	(487)	(1,443)
Other finance income	14	2,247	2,582
Profit before tax		81,946	58,685
Tax on profit	15	(11,765)	(13,356)
Profit for the financial year		70,181	45,329
Other comprehensive expense:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit schemes	27	(3,320)	(6,589)
Movements of deferred tax relating to pension surplus	24	830	1,646
		(2,490)	(4,943)
Total comprehensive income for the year		67,691	40,386

All amounts relate to continuing operations.

The notes on pages 24 to 53 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note		2024 £000		As restated 2023 £000
Fixed assets					
Intangible assets	16		3,620		3,562
Tangible assets	17		130,985		120,154
Investments	18		63,908		63,908
			198,513		187,624
Current assets					
Stocks	19	54,245		50,225	
Debtors: amounts falling due after more than one year	20	48,104		49,609	
Debtors: amounts falling due within one year	20	178,602		163,061	
Cash at bank and in hand		22		14	
		280,973		262,909	
Creditors: amounts falling due within one year	21	(138,084)		(146,687)	
Net current assets			142,889		116,222
Total assets less current liabilities			341,402		303,846
Creditors: amounts falling due after more than one year	22		(6,409)		(7,135)
			334,993		296,711
Provisions for liabilities					
Deferred taxation	24	(18,836)		(15,090)	
Other provisions	25	(8,148)		(9,803)	
			(26,984)		(24,893)
Net assets			308,009		271,818

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Capital and reserves			
Called up share capital	26	70,000	70,000
Profit and loss account		238,009	201,818
Total equity		308,009	271,818

See note 3 for details of the prior period restatement.

The notes on pages 24 to 53 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 September 2025.

A Quilez Somolinos
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2023	70,000	171,932	241,932
Comprehensive income for the year			
Profit for the year	-	45,329	45,329
Actuarial loss on pension scheme, net of deferred tax	-	(4,943)	(4,943)
Total comprehensive income for the year	-	40,386	40,386
Contributions by and distributions to owners			
Dividend paid	-	(10,500)	(10,500)
At 1 January 2024	70,000	201,818	271,818
Comprehensive income for the year			
Profit for the year	-	70,181	70,181
Actuarial loss on pension scheme, net of deferred tax	-	(2,490)	(2,490)
Total comprehensive income for the year	-	67,691	67,691
Contributions by and distributions to owners			
Dividend paid	-	(31,500)	(31,500)
At 31 December 2024	70,000	238,009	308,009

The notes on pages 24 to 53 form part of these financial statements.

1. Accounting policies

1.1 General information

Castle Cement 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 'Reduced Disclosure Framework' and the Companies Act 2006.

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

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

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

1.3 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- 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 2024 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

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 and forecast performance, Heidelberg Materials UK's divisional cash flow forecasts up to December 2026 and other relevant enquiries, including: the on-going impact of geopolitical instability in Ukraine and the Middle East and other political uncertainties; energy and raw material market volatility; persistent inflationary pressures; proposed tariffs; relatively 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.

1.6 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.

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- Up to 50 years
L/Term Leasehold Property	- Over the life of the lease
S/Term Leasehold Property	- Over the lease term
Plant and machinery	- 5 - 20 years
Right-of-use leased assets	- Straight line over lease term

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.

1.7 Investments

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

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Financial instruments

Financial assets

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

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 comprise cash, trade and other receivables.

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.

1. **Accounting policies (continued)**

1.9 Financial instruments (continued)

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.

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

1. Accounting policies (continued)

1.9 Financial instruments (continued)

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 if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.12 Pensions

The Company has operated one defined benefits pension scheme and the pension charge is based on their full actuarial valuation dated 31 December 2021 for the Castle Pension Scheme.

1. Accounting policies (continued)

1.12 Pensions (continued)

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised immediately in the Statement of Comprehensive Income. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the scheme assets reflects the gain or loss which is recognised in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The difference between the expected return on scheme assets and the interest cost is recognised in the Statement of Comprehensive Income as other finance income or expenses.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

The Company recognises the Scheme surplus in accordance with the requirements of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". 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 understands that the IASB's proposed amendments to IFRIC 14 have been withdrawn and as such the treatment outlined in the paragraph above remains appropriate.

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

1.13 Emission allowances

The Company, as a manufacturer of cement, is involved in the United Kingdom Emission Trading Scheme ('UK ETS'), which aims to reduce greenhouse gas emissions.

Emission rights are shown as inventories. Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost using the moving average method and are subject to write-down in the event of impairment. Provisions for the obligation to return emission rights are recognised if the actual CO2 emissions up to reporting date are not covered by emission rights granted free of charge.

The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date.

1. Accounting policies (continued)

1.14 Interest income

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

1.15 Provisions

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Provisions for the expected costs of rectification, kiln repairs and rationalisation are charged against profits when required. The effect of the time value of money is not material and therefore the provisions are not discounted.

1.16 Restoration

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

The Company makes a provision on a discounted basis to return a quarry site to a decontaminated, cleared and improved site and to make provision to restore the present extracted areas to currently anticipated after use. The unwinding of discounts relating to restoration are expensed to the Statement of Comprehensive Income and included in interest payable.

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.

1. Accounting policies (continued)

1.17 Current and deferred taxation (continued)

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

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

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

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

1.18 Exceptional items

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

1.19 Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the assets begins when development is completed and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

1.20 Exploration for and evaluation of mineral resources

All costs associated with exploration and evaluation of mineral resources as well as the research phase, are expensed to the Statement of Comprehensive Income as incurred. Property, plant and equipment that is acquired in the exploration, evaluation or development phase which can then be further utilised within the business irrespective of the outcome of the exploration, evaluation or development phase is capitalised and depreciated over its useful economic life.

1. Accounting policies (continued)

1.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.22 Leases

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

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

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

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

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

• the lease term has changed or there is a change in the assessment of 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.

1. Accounting policies (continued)

1.22 Leases (continued)

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

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

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

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

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

2. Judgements 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. Net assets has been used as an approximation of the fair value less costs of disposal.

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

Recoverability of amounts owed by group undertakings

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

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

Impairment of tangible fixed assets

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of cash-generating units as part of the impairment test for tangible fixed assets. In particular, estimates are required in relation to future cash flows of the groups of cash-generating units as well as to the discount rates used (discounted cash flow method). A change in the influencing factors may have a significant impact on the existence or amount of impairment losses.

Estimating the defined benefits pension scheme obligations

Measurement of defined benefit pension obligations requires estimation of future changes in inflation and mortality rates, and the selection of a suitable discount rate. See note 27 for further details.

Restoration and environmental provisions

Provisions for restoration 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 Statement of Comprehensive Income 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 24.

3. Prior period adjustment

The prior year figure for the defined benefit pension scheme asset has been reclassified to comply with Companies Act requirements from fixed assets to current assets to be presented under Debtors and since the amount is material, Debtors: amounts falling due after more than one year are now presented as a separate Financial Statement Line Item. This has changed the amount of fixed assets and current assets by £49,609,000. This adjustment has not affected the value of the asset or the net assets of the Company.

4. Turnover

Turnover, pre-tax profit and net assets are attributable to the Company's principal activity, the manufacture and sale of cement primarily for use in the ready mixed concrete and manufactured concrete products industries.

All turnover arose within the United Kingdom.

5. Auditors' remuneration

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

6. Other operating income

	2024 £000	2023 £000
Profit on disposal of tangible assets	659	50
Net rents receivable	96	415
Foreign exchange gains	52	139
Other operating income	3,863	1,925
	4,670	2,529

7. Other operating expenses

	2024 £000	2023 £000
Selling and administrative expenses	7,139	7,174
Distribution expenses	39,024	38,896
Expenses for third party repairs and services	16,573	15,331
Fixed production expenses	9,586	9,308
Rental and leasing expenses	4,941	5,013
Other taxes	148	98
Foreign exchange losses	63	186
Other expenses	15,897	14,075
	93,371	90,081

8. Exceptional items

	2024 £000	2023 £000
Restructuring costs	-	3,000

In 2023, redundancy costs of £3,000,000 were recognised in relation to a reduction in the logistics workforce.

9. Dividend paid

During the year, the Company paid an interim dividend of 45p (2023 - 15p) per share.

10. Staff costs

	2024 £000	2023 £000
Wages and salaries	40,349	41,935
Social security costs	4,530	4,553
Other pension costs	3,280	3,259
	48,159	49,747

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

	2024 No.	2023 No.
Production and distribution	531	592
Management, selling and administration	212	205
	743	797

11. Directors' remuneration

The highest paid Director received remuneration of £nil (2023 - £nil) from the Company.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2023 - £nil).

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £1,978,000 (2023 - £1,850,000), 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.

12. Interest receivable and similar income

	2024 £000	2023 £000
Interest receivable from group companies	5,629	4,355

13. Interest payable and similar expenses

	2024 £000	2023 £000
Discount adjustments on provisions	144	141
Interest on lease liabilities	326	280
Other interest payable	17	1,022
	487	1,443

14. Other finance income

	2024 £000	2023 £000
Net interest income on defined benefit asset	2,247	2,582

15. Tax

	2024 £000	2023 £000
Corporation tax		
Current UK Corporation tax on results for the year	16,553	9,727
Adjustments in respect of previous periods	(9,364)	-
Total current tax	7,189	9,727
Deferred tax		
Origination and reversal of timing differences	3,901	4,483
Adjustments in respect of previous periods	675	(854)
Total deferred tax	4,576	3,629
Taxation on profit on ordinary activities	11,765	13,356

15. Tax (continued)

Reconciliation of the tax charge for the year

The tax assessed for the year is lower than (2023 - lower than) the standard rate of corporation tax in the UK of 25% (2023 - 23.5%). The differences are explained below:

	2024 £000	2023 £000
Profit on ordinary activities before tax	81,946	58,685
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.5%)	20,487	13,791
Effects of:		
Expenses not deductible for tax purposes	(57)	(65)
Capital allowances for year in excess of depreciation	-	269
Adjustments to tax charge in respect of prior periods	(8,689)	(854)
Adjustment in research and development tax credit leading to an increase in the tax charge	-	100
Book profit on chargeable assets	(153)	(30)
Capital gains	114	56
Transfer pricing adjustments	63	89
Total tax charge for the year	11,765	13,356

Change in corporation tax rate

The main rate of corporation tax is 25% (2023 - 23.5%).

16. Intangible fixed assets

	Development £000
Cost	
At 1 January 2024	3,562
Additions	58
At 31 December 2024	3,620
Amortisation	
At 1 January 2024 and 31 December 2024	-
Net book value	
At 31 December 2024	3,620
At 31 December 2023	3,562

17. Tangible fixed assets

	Freehold property £000	S/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 2024	55,116	37	448,036	8,496	16,604	17,203	545,492
Additions	-	-	4,195	-	2,707	24,590	31,492
Disposals	(67)	-	(10,316)	-	(382)	-	(10,765)
Transfers between classes	36	-	13,117	-	-	(13,153)	-
Transfer to provisions	-	-	(122)	-	-	-	(122)
At 31 December 2024	55,085	37	454,910	8,496	18,929	28,640	566,097
Depreciation							
At 1 January 2024	40,967	37	369,541	1,507	13,286	-	425,338
Charge for the year on owned assets	672	-	7,948	-	-	-	8,620
Charge for the year on right-of-use assets	-	-	-	779	2,447	-	3,226
Disposals	-	-	(1,695)	-	(377)	-	(2,072)
At 31 December 2024	41,639	37	375,794	2,286	15,356	-	435,112
Net book value							
At 31 December 2024	13,446	-	79,116	6,210	3,573	28,640	130,985
At 31 December 2023	14,149	-	78,495	6,989	3,318	17,203	120,154

17. Tangible fixed assets (continued)

Included in freehold property is freehold land at a cost of £11,963,000 (2023 - £11,969,000).

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

	2024 £000	2023 £000
Tangible fixed assets owned	121,202	109,847
Right-of-use tangible fixed assets	9,783	10,307
	130,985	120,154

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

Net book value

	2024 £000	2023 £000
Property	6,210	6,989
Plant and machinery	2,010	2,700
Motor vehicles	1,563	618
	9,783	10,307

Depreciation charge for the year ended

	2024 £000	2023 £000
Property	779	768
Plant and machinery	1,954	1,754
Motor vehicles	493	272
	3,226	2,794

18. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2024 and 31 December 2024	64,622
Impairment	
At 1 January 2024 and 31 December 2024	714
Net book value	
At 31 December 2024	63,908
At 31 December 2023	63,908

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
Castle Building Products Limited	England and Wales	Ordinary	100%	Dormant
Castle Cement (Ketton) Limited	England and Wales	Ordinary	100%	Investment holding company
Castle Cement (Ribblesdale) Limited	England and Wales	Ordinary	100%	Investment holding company
		Deferred	100%	
Castle Lime Limited	England and Wales	Ordinary	100%	Dormant
Mantle & Llay Limited	England and Wales	Ordinary	100%	Dormant
Minster Quarries Limited	England and Wales	Ordinary	100%	Investment holding company
Scancem Energy and Recovery Limited	England and Wales	Ordinary	100%	Investment holding company
Tunnel Cement Limited	England and Wales	Ordinary	100%	Investment holding company

The Company also held a 100% capital interest in Castle Pension Scheme Trustees Limited and CSPS Trustees Limited, two companies which are limited by guarantee without share capital. These companies are also incorporated in England and Wales.

17. 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
Castle Cement (Chatburn) Limited	England and Wales	Ordinary	100%	Group finance company
Castle Cement (Clyde) Limited	England and Wales	Ordinary	100%	Group finance company
Castle Cement (Padeswood) Limited	England and Wales	Ordinary	100%	Group finance company
Castle Cement (Pitstone) Limited	England and Wales	Ordinary	100%	Group finance company
Chemical Manufacture and Refining Limited	England and Wales	A Ordinary	100%	Group finance company
		B Ordinary	100%	
		Ordinary	100%	
Ketton Cement Limited	England and Wales	Ordinary	100%	Dormant
Scancem Recovery Limited	England and Wales	Ordinary	100%	Investment holding company
Solrec Limited	England and Wales	Ordinary	100%	Group finance company
Thistleton Quarries Limited	England and Wales	Ordinary	100%	Dormant

The registered office of the investments incorporated in England and Wales is Second Floor, Arena Court, Crown Lane, Maidenhead, Berkshire, SL6 8QZ.

19. Stocks

	2024 £000	2023 £000
Raw materials and consumables	27,046	25,121
Work in progress	18,338	17,604
Finished goods and goods for resale	8,861	7,500
	54,245	50,225

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

20. Debtors

	2024 £000	As restated 2023 £000
Due after more than one year		
Defined benefit pension scheme asset (see note 27)	48,104	49,609
	48,104	49,609

	2024 £000	2023 £000
Due within one year		
Trade debtors	24,643	26,254
Amounts owed by group undertakings	149,514	132,055
Other debtors	202	-
Prepayments and accrued income	1,962	1,415
Corporation tax receivable	2,281	3,337
	178,602	163,061

See note 3 for details of the prior year restatement.

Included within amounts owed by group undertakings is an amount of £126,798,000 (2023 - £112,514,000) which is unsecured, repayable on demand and accrues interest at overnight SONIA (Sterling Overnight Index Average).

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

21. Creditors: Amounts falling due within one year

	2024 £000	2023 £000
Bank overdrafts	263	-
Trade creditors	39,740	44,045
Amounts owed to group undertakings	74,725	74,143
Other taxation and social security	674	-
Lease liabilities	2,415	2,113
Other creditors	27	5,103
Accruals and deferred income	20,240	21,283
	138,084	146,687

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

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

	2024 £000	2023 £000
Lease liabilities	6,409	7,135

23. Leases

Company as a lessee

The Company leases property, plant and machinery as well as motor vehicles.

Lease liabilities are due as follows:

	2024 £000	2023 £000
Not later than one year	2,415	2,113
Between one year and five years	4,257	4,405
Later than five years	2,152	2,730
	8,824	9,248

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

	2024 £000	2023 £000
Interest expense on lease liabilities	326	280
Expenses relating to short-term leases	4,941	5,013

24. Deferred taxation

	2024 £000	2023 £000
At 1 January	(15,090)	(13,107)
Charged to the Statement of Comprehensive Income	(4,576)	(3,629)
Credited to Other Comprehensive Income	830	1,646
At 31 December	(18,836)	(15,090)

24. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2024 £000	2023 £000
Accelerated capital allowances	(7,473)	(3,500)
Other temporary differences	662	813
Deferred tax on defined benefit pension	(12,025)	(12,403)
	(18,836)	(15,090)

25. Provisions

	Restoration provisions £000	Carbon emission provisions £000	Other provisions £000	Total £000
At 1 January 2024	3,731	-	6,072	9,803
Charged to profit or loss	-	2,178	292	2,470
Discounted adjustments	(78)	-	-	(78)
Transfer to fixed assets	(122)	-	-	(122)
Utilised in year	(51)	-	(3,874)	(3,925)
At 31 December 2024	3,480	2,178	2,490	8,148

25. Provisions (continued)

Restoration provisions

Restoration provisions relate mainly to the costs of restoring quarries and other sites after use as required by legal or other constructive requirements. Restoration and environmental provisions will be utilised as and when mineral reserves at the Company's quarries are extinguished.

Provisions for terminal restoration have been discounted at 4.565% (2023 - 3.623%) 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.

Carbon emission provisions

Carbon Emission provisions relate to the obligation to return emission rights. These obligations are recognised if the actual CO_2 emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value per the European Union's Emissions Trading System as at the reporting date. Amounts have not been discounted as they are expected to be realised in less than twelve months.

Other provisions

This relates to the specific provision held for required works improvements as well as claims for defective materials. Amounts have not been discounted as they are expected to be released in less than twenty-four months and discounting will not be material.

26. Share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
70,000,000 (2023 - 70,000,000) ordinary shares of £1 each	70,000	70,000

The Company has no authorised share capital limit.

27. Contingent liabilities

A subsidiary company has an obligation to undertake decontamination work which the Company has guaranteed. At present it is not practical to estimate the liability due to the significant uncertainty regarding the likely cost of the remedial work together with the timing of any payment.

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 an outflow of economic resources will be required to settle the obligation nor can the amount of any obligation be measured with sufficient reliability.

28. Pension commitments

Main Scheme

During the year, the Company participated in the Castle Pension Scheme (the "Main Scheme") and relevant employees are eligible for benefits under the Main Scheme, which is of the defined benefit type. Funds are held externally under the supervision of the corporate trustee.

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. There were no plan amendments, curtailments or settlements in the year. The duration of the defined benefit obligation is 12.1 years.

The Main Scheme was closed to future accruals in September 2010. Main Scheme assets are stated at their market values at the respective Balance Sheet dates.

The assets and liabilities of the Main Scheme at 31 December are:

	2024 £000	2023 £000
Main Scheme assets at fair value		
Cash and cash equivalents	15,610	14,110
Equity	32,746	34,043
Normal government bonds	39,091	42,314
Normal corporate bonds	22,898	27,133
Index linked bonds	106,019	116,437
Real estate	-	3,501
Fair value of Main Scheme assets	216,364	237,538
Present value of Main Scheme liabilities	(168,260)	(187,929)
Defined benefit Main Scheme asset	48,104	49,609

28. Pension commitments (continued)

Main Scheme assets can be further disaggregated as:

Cash and cash equivalents
Cash of £5,641,000 is held in the bank. Investments of £9,969,000 are in a sterling liquidity pooled investment vehicle with indirectly observable inputs.

Equity
Investments of £14,332,000 are in an equity pooled investment vehicle with indirectly observable inputs. The remaining investments totalling £18,414,000 are in an infrastructure equity pooled investment vehicle with inputs that are unobservable.

Normal government bonds
Investments of £39,091,000 are in a gilt pooled investment vehicle with indirectly observable inputs.

Normal corporate bonds
Investments of £22,898,000 are in a corporate bond Buy & Maintain pooled investment vehicle with indirectly observable inputs.

Index linked bonds
Investments of £106,019,000 are in index-linked gilt pooled investment vehicles with indirectly observable inputs.

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

The Trustees aim to achieve the Main 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 Main Scheme's liabilities. A number of investment managers are appointed to promote diversification by assets, organisation and investment style.

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

28. Pension commitments (continued)

Included within the Statement of Comprehensive Income

	2024 £000	2023 £000
Expected return on Main Scheme assets	(10,540)	(11,228)
Interest on Main Scheme liabilities	8,293	8,646
Included within other finance income	(2,247)	(2,582)
Administrative expenses	434	367
Total	(1,813)	(2,215)

Included within Other Comprehensive expense

	2024 £000	2023 £000
Actuarial loss on Main Scheme assets	19,934	1,948
Actuarial (gain)/loss from changes in financial assumptions	(16,817)	4,129
Actuarial experience loss	571	3,602
Actuarial gain from demographic assumptions	(370)	(3,089)
Total actuarial loss	3,318	6,590

28. Pension commitments (continued)

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

	2024 £000	2023 £000
Opening defined benefit obligation	187,929	185,607
Interest cost	8,293	8,646
Actuarial (gains)/losses	(16,616)	4,642
Benefits paid	(11,346)	(10,966)
Closing defined benefit obligation	168,260	187,929

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

	2024 %	2023 %
Rate of increase in pension payments	2.90	2.88
Discount rate	5.45	4.55
RPI inflation assumption	3.10	3.05
CPI inflation assumption	2.70	2.55

The mortality assumptions are based on recent actual mortality experience of members within the Main 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 20.7 years if they are male (2023 - 20.7 years) and for a further 22.9 years if they are female (2023 - 22.9 years).

For a member who retires in 2045 (2023 - 2044) 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 (2023 - 22.0 years), and for a further 24.5 years after retirement if they are female (2023 - 24.6 years).

The sensitivity of the present value of Main 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%
Rate of pension increase	Increase / decrease 0.25%	Increase 3% / decrease 2%
Life expectancy	Increase / decrease 1 year	Increase 4% / decrease 4%

28. Pension commitments (continued)

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

	2024 £000	2023 £000
Fair value of Main Scheme assets at beginning of year	237,538	239,591
Expected return on Main Scheme assets	10,540	11,228
Administrative expenses paid by the Main Scheme	(434)	(367)
Actuarial loss on Main Scheme assets	(19,934)	(1,948)
Benefits paid from Main Scheme	(11,346)	(10,966)
Total	216,364	237,538

Amounts for the current and previous four years:

	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Fair value of Main Scheme assets	216,364	237,538	239,591	368,511	372,864
Defined benefit obligation	(168,260)	(187,929)	(185,607)	(287,201)	(313,429)
Surplus in Main Scheme	48,104	49,609	53,984	81,310	59,435
Experience (losses)/gains on Main Scheme assets	(19,934)	(1,948)	(123,893)	4,979	32,250
Experience (losses)/gains on Main Scheme liabilities *	(571)	(3,602)	(5,573)	(3,160)	2,903

* 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 was carried out as at 31 December 2021. The valuation showed a surplus of £23,000,000, therefore no deficit recovery contributions were required. Administrative expenses, including levies payable to the Pensions Protection Fund (PPF), are met by the Main Scheme directly via a technical provisions funding reserve. The next funding valuation took place with an effective date of 31 December 2024.

The Company recognises the Main Scheme surplus in accordance with the requirements of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". The Trustees of the scheme do 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 understands that the IASB's proposed amendments to IFRIC 14 have been withdrawn and as such the treatment outlined in the paragraph above remains appropriate.

28. Pension commitments (continued)

As part of the Company's ongoing review of its defined benefit pension arrangements, legal advice was obtained in relation to the implications of the Virgin Media v NTL Trustees case and its interpretation of Section 37 of the Pension Schemes Act 1993. This case clarified the formal requirements for actuarial confirmation in respect of amendments made to contracted-out defined benefit schemes between 6 April 1997 and 5 April 2016. On 5 June 2025, the UK Government announced its intention to introduce legislation allowing schemes to retrospectively obtain written actuarial confirmation for historic benefit changes. There is no impact expected as a result of this.

29. 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:

	2024 £000	2023 £000
Amounts owed by fellow subsidiary undertakings	22,716	19,541
Amounts owed by ultimate parent undertaking	126,798	112,514
Amounts owed to direct subsidiary undertakings	(45,892)	(45,892)
Amounts owed to indirect subsidiary undertakings	(15,945)	(15,945)
Amounts owed to fellow subsidiary undertakings	(12,888)	(12,306)
	74,789	57,912

30. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Heidelberg Materials Cement Holding 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.