Registered number: 02301423

CIVIL AND MARINE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CIVIL AND MARINE LIMITED

COMPANY INFORMATION

Directors	E A Gretton S L Willis A Quilez Somolinos
Company secretary	W F Rogers
Registered number	02301423
Registered office	Second Floor Arena Court Crown Lane Maidenhead Berkshire SL6 8QZ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

CIVIL AND MARINE 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 ground granulated blast furnace slag ("GGBS") primarily for use in the concrete industry.

Invoicing to customers of the Company is undertaken by Castle Cement Limited, a fellow group undertaking who act as agent. This arrangement provides customers with a single point of contact for all of Heidelberg Materials UK's cementitious products in the UK.

Turnover decreased by 28% from £149,901,000 to £108,125,000. Sales volumes decreased by 28% compared to the previous year. Construction demand in 2024 recorded lower levels of activity than historical averages due to economic uncertainties in the macroeconomic environment as well as market pressures.

The closure of the Port Talbot Steelworks, in the second half of 2024, led to the Company securing alternative non-domestic sources of raw materials albeit at a higher cost leading to a decrease in margin, with operating profit, including exceptional items, decreasing from £48,014,000 to £29,718,000.

On 24 October 2024, the Company received a dividend of £612,000 from its subsidiary undertaking, Civil and Marine (Holdings) Limited. At the year end, the Company impaired its investment in Civil and Marine (Holdings) Limited by £254,000, to bring the carrying value in line with the underlying net assets, as a result of the deterioration in performance af the Company's operating subsidiary. This has been treated as an exceptional item.

Net interest receivable amounted to £12,311,000 (2023 - £10,933,000) an increase of £1,378,000, resulting in a profit before tax of £42,641,000 (2023 - £59,559,000).

On 19 December 2024 the Company subscribed for five new loan notes, for £30,000,000 each repayable on 19 December 2025, 19 December 2026, 19 December 2027, 19 December 2028, and 19 December 2029.

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 we understand their views and interests when making decisions and when developing the Company's purpose, values and strategy. The Directors ensure that they listen to and consider the interests of the Company's employees and that they foster relationships with the Company's customers and suppliers. The Directors work to ensure the sustainability of the Company's operations within local communities in the context of the potential impact on the local environment.

Heidelberg Materials UK Sustainability Policy

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

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 achieving the highest standards of compliance with ISO's 9001, 14001, 45001, 45003 and 50001, PAS 2080 and 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 on 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 revenue. The 2024 Sustainability Report sets out the KPI 2030 targets and records progress towards attainment of these objectives.

In 2023 the Company updated and revised its social value policy which is available on the Heidelberg Materials UK website www.heidelbergmaterials.co.uk. The social value policy is founded on our core values and responsible leadership principles and applies to all areas of our business, our employees and all parties who undertake activity on our behalf. It focusses on six key areas of social value: collaboration, co-equality, championing local economies, community, climate and communication. It follows the national TOMS (Themes, Outcomes and Measures) framework and integrates our health, safety and wellbeing, and environmental commitments. A steering group ensures the principles of the policy are embedded within the business. During 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

Operational investments and improvements 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 parent company and developing meaningful partnerships with our suppliers. Investments in new operations facilitate reductions in energy usage, water usage and emissions, lessening the impact on both the environment and local 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 virtual 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 Heidelberg Materials UK's 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 address diversity and gender balance within the workforce.

The Company engages in meetings with schools and colleges for the purposes of recruiting graduates and also finding candidates for the Company's management and engineering apprenticeships.

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

2024 (continued)

The Company's business, the production and distribution of Regen (Ground Granulated Blastfurnace Slag), is a substitute for cement that reduces embodied CO2 in concrete as well as increasing durability. The Company works to maximise the use of Regen (Ground Granulated Blastfurnace Slag) in concrete. Every tonne of Regen used reduces embodied CO2 by as much as 750kg and it can be used in various types of concrete including those for residential, commercial and infrastructure projects. As a byproduct of the steel industry, it helps reduce waste and promotes the recycling of material.

The Company works with national bodies to ensure that industry standards in concrete mix design recognise and allow for the incorporation of Regen within concrete in the interests of CO2 reduction. The Company has a clear focus towards 2030 and beyond and together with its ultimate parent company is developing masterplans to meet the challenges of reducing CO2 emissions.

Improvements in the interest of sustainability and lessening the potential for impact on communities and the environment included:

- promotion of the evoBuild low carbon GGBS range to provide customers with an option to produce low carbon concrete;
- the Company's process of continuous review in water management and the establishment of ambitious targets to reduce levels of mains water usage on site;
- the continuous reviews of the Company's waste management processes supported again by the establishment of new objectives; and
- the establishment of the Company's operations within a fully integrated management system that included an ISO 50001 certified energy management system.

The Company continued to optimise plant operations through digital utilisation and implementation; mapping daily/weekly sales demand forecasts, stocks and required production with electricity price to ensure plants are run optimally and effectively.

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 a new 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, including Regen and customer support for Continuing Professional Development (CPD) training, can be found on the Heidelberg Materials UK website www.heidelbergmaterials.co.uk/en/products/regen-ggbs.

Principal risks and uncertainties

Raw material supply risk
The Company may be unable to meet demand if insufficient raw material, specifically granulated blast furnace slag, ("GBS") is available from third party suppliers. This risk is mitigated by working closely with suppliers. The Company is working with its raw material suppliers in the UK and abroad to improve productivity, efficiency and availability.

Market demand risk
Demand for the Company's products is predominantly from the construction sector. Confidence in the construction sector is key to maintaining demand and relevant trends are monitored closely to ensure that production capacity remains in line with demand.

Energy risk
The manufacture of GGBS consumes significant volumes of gas and electricity as part of the production process. Whilst the Company constantly reviews methods of reducing gas and electricity consumption, increases in these costs may significantly increase the cost of production. 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 actively mitigates the volatility of these costs through partial forward buying gas requirements and where appropriate, locking in to fixed prices contracts for electricity supply.

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.

Credit risk
Credit risk is the potential exposure of the Company to loss in the event of non-performance by a counter-party. The Company controls this credit risk through credit approval and appropriate limits.

Regulatory risk
The construction industry is subject to a wide range of regulatory measures, including both UK and European emission regulations through the Environment Agency and other areas such as competition law. A breach of these laws or regulations could affect some of the Company's production facilities or could result in a lengthy enquiry or management time consuming investigation. This risk is mitigated by maintaining strict policies and procedures to ensure compliance with all regulatory requirements.

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. In addition, the Company relies upon the quality of raw material granulate from its suppliers. These are monitored carefully, and where necessary are blended to ensure an optimum mix.

Principal risks and uncertainties (continued)

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

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

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

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

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 audited financial statements for the year ended 31 December 2024.

Results and dividends

The profit for the year, after taxation, amounted to £30,557,000 (2023 - £46,741,000).

An interim dividend of £40,400,000 was paid during the year (2023 - £nil). The Directors do not recommend the payment of a final dividend (2023 - £nil).

Future developments

The business remains focused on optimizing selling prices and managing costs to sustain performance. With the closure of the blast furnace at the Port Talbot Steelworks, the supply of domestic raw materials has diminished. However, the business is well-positioned to manage volume requirements through secured alternative sources. The Directors will continue to prioritize maintaining margins during this ongoing period of cost pressures.

The Directors believe that although there is still a lot of uncertainty concerning energy and costs as a result of the impact of the Ukraine crisis and general cost of living, the Company continues to see demand for its products. The Directors will continue to focus on maintaining margins during a continued period of cost pressures.

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
S L Willis
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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

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.

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, and the total energy use of electricity, gas, and transport fuel.

	Year to 31st Dec 2024	Year to 31st Dec 2023
Energy consumption used to calculate emissions (kWh)	145,795,909	188,301,606
Emissions from combustion of gas tCO_2e (Scope 1)	17,988	21,262
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	1,879	4,578
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)	8,161	10,871
Total gross tCO2e based on above (location-based) *	28,028	36,711
Intensity ratio (tCO_2e/Turnover in £000) (location-based)	0.2592	0.2410
Emissions from purchased electricity tCO_2e (Scope 2, market-based)	3,744	2,878
Total gross tCO_2e based on above (market-based)	23,611	28,718
Intensity ratio (tCO_2e/Turnover in £000) (market-based)	0.2184	0.1885

*The presented emissions in this section differ from the total emissions of the Company.

Energy Efficiency Action 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 our 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, where by the Company intends to be carbon neutral across its entire product portfolio and achieve Net Zero emissions by 2050.

The Company focused on improving energy efficiency through equipment upgrades. This includes the replacement of the switchgear and hopper at the Purfleet site. The new compressor is reducing energy consumption and enhancing operational performance. Plant optimisations continue with a mix of new equipment, rebuilds, driver training and ensuring machines are correctly sized for suitable task loading.

Energy Efficiency Action Summary (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 Civil and Marine 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-2022
Conversion factor source	Gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel: U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020 LPG: Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance Direct Emissions from Stationary Combustion Sources 2008
Calculation method	Activity Data x Emission Factor = GHG emissions (tCO_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 Civil and Marine Limited employee numbers of the total employee numbers (2.1%) 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	20,330,344 kWh
Information on carbon free electricity	The electricity supplied to Civil and Marine Limited by EDF for 01.01.2024 to 31.12.2024 has been generated from 100% carbon free (nuclear) sources, except for landlord consumption. Using the GHG Protocol Corporate Standards' market-based approach the above enables us to report "0" emissions under Scope 2.
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 SECR year (2020) and were found to be de minimis. It is excluded from reporting as it is not practical to obtain.
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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

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

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Wendy F Rogers

W F Rogers
Secretary

Independent auditors' report to the members of Civil and Marine Limited

Report on the audit of the financial statements

Opinion

In our opinion, Civil and Marine 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	3	108,125	149,901
Change in stocks of finished goods and work in progress		1,126	(183)
Other operating income	4	2,822	1,012
Raw materials and consumables		(53,069)	(68,517)
Other operating expenses	5	(23,352)	(31,417)
Exceptional items	12	(104)	2,531
Staff costs	6	(3,851)	(4,068)
Depreciation and amortisation	15, 16	(1,979)	(1,245)
Operating profit		29,718	48,014
Income from shares in group undertakings	8	612	612
Interest receivable and similar income	9	13,431	11,140
Interest payable and similar expenses	10	(1,120)	(207)
Profit before tax		42,641	59,559
Tax on profit	11	(12,084)	(12,818)
Profit for the financial year		30,557	46,741
Total comprehensive income for the year		30,557	46,741

All amounts relate to continuing operations.

The notes on pages 19 to 49 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note		2024 £000		2023 £000
Fixed assets					
Goodwill	14		80,379		80,379
Other intangible assets	15		1,414		1,697
Tangible assets	16		16,967		17,216
Investments	17		90,460		90,714
			189,220		190,006
Current assets					
Stocks	18	31,017		19,640	
Debtors: amounts falling due after more than one year	19	121,403		1,168	
Debtors: amounts falling due within one year	19	122,252		262,426	
		274,672		283,234	
Creditors: amounts falling due within one year	20	(106,629)		(105,803)	
Net current assets			168,043		177,431
Total assets less current liabilities			357,263		367,437
Creditors: amounts falling due after more than one year	21		(4,054)		(4,504)
			353,209		362,933
Provisions					
Deferred taxation	23	(682)		(502)	
Provisions for liabilities	24	(520)		(581)	
			(1,202)		(1,083)
Net assets			352,007		361,850

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Capital and reserves			
Called up share capital	25	-	-
Share premium account		248,071	248,071
Profit and loss account		103,936	113,779
Total equity		352,007	361,850

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

The notes on pages 19 to 49 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2023	-	248,071	67,038	315,109
Comprehensive income for the year				
Profit for the year	-	-	46,741	46,741
At 1 January 2024	-	248,071	113,779	361,850
Comprehensive income for the year				
Profit for the year	-	-	30,557	30,557
Contributions by and distributions to owners				
Dividends paid	-	-	(40,400)	(40,400)
At 31 December 2024	-	248,071	103,936	352,007

The notes on pages 19 to 49 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies

1.1 General information

Civil and Marine 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) except where otherwise indicated.

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts 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 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

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 when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the balance sheet date.

1. Accounting policies (continued)

1.7 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view.

1.8 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Freehold property	- 20-25 years
S/Term leasehold property	- over the life of the lease
Plant and machinery	- 3-20 years
Fixtures and fittings	- 3-4 years

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

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

1.9 Investments

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

1. Accounting policies (continued)

1.10 Stocks

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

1.11 Cash and cash equivalents

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

1.12 Financial instruments

Financial assets

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

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

The Company's financial assets include 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.

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.

1. Accounting policies (continued)

1.12 Financial instruments (continued)

Impairment of financial assets

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

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

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

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

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

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

Financial liabilities

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

The Company's financial liabilities include trade and other payables.

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

Fair value through profit or loss

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

1. Accounting policies (continued)

1.12 Financial instruments (continued)

At amortised cost

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is an enforceable legal right to offset and there is an intention to settle on a net basis.

1.13 Government grants

Government and similar grants received for the acquisition of assets are recognised only when there is reasonable assurance that they will be received and any conditions attached to them have been fulfilled. The grant is held in the Balance Sheet within deferred income and released to the Statement of Comprehensive Income over the periods necessary to match the related depreciation charges or other expenses of the asset as they are incurred.

1.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

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

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

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

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

1. Accounting policies (continued)

1.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.16 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.

1.17 Pensions

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

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

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

1.18 Interest income

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

1.19 Provisions for liabilities

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

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

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. Accounting policies (continued)

1.20 Current and deferred taxation

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

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

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

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

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

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

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

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

1.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1. Accounting policies (continued)

1.22 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.

1.23 Leases

The Company as a lessee

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.

1. Accounting policies (continued)

1.23 Leases (continued)

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

• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

The right-of-use assets are included in the Tangible Fixed Assets in the Balance Sheet.

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

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

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

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

Impairment of goodwill and other non-current 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 goodwill and other non-current 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. Explanations concerning the composition of the carrying amount of goodwill and the impairment test are provided in note 14.

Impairment of investments

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

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

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

Recoverability of amounts owed by group undertakings

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

Restoration and other provisions

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the income statement as well as the amounts recognised in the Balance Sheet. The recognition and measurement of the other provisions are based on estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in note 24.

3. Turnover

All (2023 - all) turnover arose within the United Kingdom.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

4. Other operating income

	2024 £000	2023 £000
Other operating income	1,439	606
Intra group recharges	885	406
Foreign exchange gains	498	-
	2,822	1,012

5. Other operating expenses

	2024 £000	2023 £000
Selling and administrative expenses	140	117
Distribution expenses	13,558	21,238
Expenses for third party repairs and services	896	1,486
Rental and leasing expenses	560	793
Foreign exchange losses	401	222
Other expenses	7,797	7,561
	23,352	31,417

6. Staff costs

	2024 £000	2023 £000
Wages and salaries	3,200	3,481
Social security costs	350	360
Cost of defined contribution scheme	301	227
	3,851	4,068

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £1,651,000 (2023: £1,552,000) which was paid by fellow subsidiary undertakings. The Directors do not believe that it is practical to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

6. Staff costs (continued)

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

	2024 No.	2023 No.
Production and distribution	48	52
Management, selling and administration	13	11
	61	63

7. Auditors' remuneration

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

8. Income from shares in group undertaking

During the year, the Company received a dividend of £612,000 (2023: £612,000) from its subsidiary undertaking, Civil and Marine (Holdings) Limited.

9. Interest receivable and similar income

	2024 £000	2023 £000
Interest receivable from group companies	13,388	11,092
Unwind of discount on rental income	43	48
	13,431	11,140

10. Interest payable and similar expenses

	2024 £000	2023 £000
Interest on overdue corporation tax	918	-
Interest on lease liabilities	183	189
Other interest payable	19	18
	1,120	207

11. Taxation

	2024 £000	2023 £000
Current tax		
Current UK Corporation tax on profits for the year	9,316	11,933
Adjustments in respect of previous periods	2,588	-
Total current tax	11,904	11,933
Deferred tax		
Origination and reversal of timing differences	204	1,004
Adjustments in respect of prior years	(24)	(119)
Total deferred tax	180	885
Tax on profits	12,084	12,818

Reconciliation of the tax charge for the year

The tax assessed for the year is higher 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 before tax	42,641	59,559
Profit before tax multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.5%)	10,660	13,996
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	129	36
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	73	80
Adjustments in respect of prior years	2,564	(119)
Non-taxable income	(159)	(150)
Changes in tax rates	-	60
Transfer pricing adjustments	(1,183)	(1,085)
Total tax charge for the year	12,084	12,818

Change in corporation tax rate

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

Deferred tax has been recognised at 25% (2023 - 25%), being the enacted main rate of corporation tax at the balance sheet date on which the deferred tax asset/liability is expected to be realised/settled.

12. Exceptional items

	2024 £000	2023 £000
Impairment of fixed asset investments	(254)	(153)
Reversal of impairment of tangible fixed assets	-	2,785
Restructuring income/(costs)	150	(101)
	(104)	2,531

During the current year the Company impaired its investment in Civil and Marine (Holdings) Limited by £254,000 (2023 - £153,000) to bring the carrying amount in line with the underlying net assets, as a result of the deterioration (2023 - deterioration) in performance of the Company's operating subsidiaries.

In the prior year the Company reversed impairments of £2,785,000 against its tangible fixed assets.

In 2024 the Company released the onerous lease provision of £57,000 and a rates accrual for £93,000 (2023 - incurred expenses of £101,000) relating to closed operating sites.

13. Dividends

An interim dividend of £40,400,000 (2023 - £nil) was paid during the year.

14. Goodwill

	2024 £000
Cost and net book value	
At 31 December 2024	80,379
At 31 December 2023	80,379

The goodwill arose on the transfer of trade and assets into the Company.

The Companies Act 2006 requires goodwill to be reduced by provisions for depreciation of a systematic basis over a period chosen by the directors as its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill; but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act 2006.

Sensitivity analysis has been performed on the impairment of goodwill and it is noted that future discounted cashflows would have to reduce by over 35% in order for there to be an impairment.

If the Company had amortised goodwill, a period of 20 years would have been chosen as its useful economic life. Profit for the year would have been £5,742,000 lower (2023 - £5,742,000 lower) if goodwill had been amortised on this basis.

15. Intangible assets

	Supply Agreements £000
Cost	
At 1 January 2024	9,051
At 31 December 2024	9,051
Amortisation	
At 1 January 2024	7,354
Charge for the year on owned assets	283
At 31 December 2024	7,637
Net book value	
At 31 December 2024	1,414
At 31 December 2023	1,697

The balance relates to supply agreements which end in 2029.

16. Tangible fixed assets

	S/Term Leasehold Property £000	Plant and machinery £000	Fixtures and fittings £000	Freehold Property £000	Total £000
Cost or valuation					
At 1 January 2024	28	36,010	192	10,904	47,134
Additions	-	1,242	-	224	1,466
Transfer from provisions	-	(19)	-	-	(19)
Disposals	-	(222)	-	-	(222)
At 31 December 2024	28	37,011	192	11,128	48,359
Depreciation					
At 1 January 2024	28	26,053	192	3,645	29,918
Charge for the year on owned assets	-	1,258	-	10	1,268
Charge for the year on right-of-use assets	-	52	-	376	428
Disposals	-	(222)	-	-	(222)
At 31 December 2024	28	27,141	192	4,031	31,392
Net book value					
At 31 December 2024	-	9,870	-	7,097	16,967
At 31 December 2023	-	9,957	-	7,259	17,216

Plant and machinery includes £867,000 (2023 - £2,101,000) in respect of assets in the course of construction.

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	14,721	14,893
Right-of-use tangible fixed assets	2,246	2,323
	16,967	17,216

16. Tangible fixed assets (continued)

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

Net book value

	2024 £000	2023 £000
Property	2,115	2,267
Plant and machinery	131	56
	2,246	2,323

Depreciation charge for the year ended

	2024 £000	2023 £000
Property	376	136
Plant and machinery	52	36
	428	172

17. Fixed asset investments

	Investments in subsidiary company £000
Cost	
At 1 January 2024 and 31 December 2024	248,071
Impairment	
At 1 January 2024	157,357
Charge for the year	254
At 31 December 2024	157,611
Net book value	
At 31 December 2024	90,460
At 31 December 2023	90,714

During the current year the Company impaired its investment in Civil and Marine (Holdings) Limited by £254,000 (2023 - £153,000) to bring the carrying amount in line with the underlying net assets, as a result of the deterioration (2023 - deterioration) in performance of the Company's operating subsidiaries

Direct subsidiary undertakings

The investment in which the Company directly held any class of share capital is as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Civil and Marine (Holdings) Limited	England and Wales	Ordinary	100%	Investment holding company

The registered office of Civil and Marine (Holdings) Limited is Second Floor, Arena Court, Crown Lane, Maidenhead, Berkshire, SL6 8QZ.

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
Appleby Group Limited	England and Wales	Ordinary	100%	Investment holding company
Calumite Limited	England and Wales	Ordinary	51%	Manufacture of glass making materials
Calumite s.r.o. *	Czech Republic	Shares	100%	Manufacture of glass making materials
Rezincote (1995) Limited	England and Wales	Ordinary	100%	Dormant
Civil and Marine Slag Cement Limited	England and Wales	Ordinary	100%	Investment holding company
The Purfleet Ship to Shore Conveyor Company Limited	England and Wales	"B" Ordinary	100%	Group finance company

* The effective holding in Calumite s.r.o., which is owned by Calumite Limited, is 51%.

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

The registered office of Calumite s.r.o. is Lihovarská 636/44, Ostrava - Kuncicky, 718 00, Czech Republic.

18. Stocks

	2024 £000	2023 £000
Raw materials and consumables	26,631	16,482
Consumables stock and spares	2,065	1,854
Finished goods and goods for resale	2,321	1,304
	31,017	19,640

Replacement costs of stock

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

19. Debtors

	2024 £000	2023 £000
Due after more than one year		
Amounts owed by group undertakings	120,000	-
Rents receivable	1,403	1,168
	121,403	1,168

Included within amounts owed by group undertakings is a loan note of £30,000,000 (2023 - £nil) which accrues interest at 4.75338% and matures on 19 December 2026, a loan note of £30,000,000 (2023 - £nil) which accrues interest at 4.714% per annum and matures on 19 December 2027, a loan note of £30,000,000 (2023 - £nil) which accrues interest at 4.8775% per annum and matures on 19 December 2028 and a loan note of £30,000,000 (2023 - £nil) which accrues interest at 4.909% per annum and matures on 19 December 2029. All amounts are unsecured.

	2024 £000	2023 £000
Due within one year		
Trade debtors	58	79
Amounts owed by group undertakings	117,898	260,089
Other debtors	361	1,191
Rent receivable	217	-
Corporation tax recoverable	3,718	1,067
	122,252	262,426

Included within amounts owed by group undertakings is an amount of £81,509,000 (2023 - £259,046,000) which is unsecured, repayable on demand and accrues interest at SONIA (2023 - SONIA) and an amount of $5,342,000 (£4,270,000) (2023 - $nil (£nil)) which is unsecured, repayable on demand and accrues interest at overnight SOFR (2023 - SOFR).

In addition a loan note of £30,000,000 (2023 - £nil) is included within amounts owed by group undertakings which is unsecured, accrues interest at 4.92238% per annum and matures on 19 December 2025. The remaining balance is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

20. Creditors: Amounts falling due within one year

	2024 £000	2023 £000
Trade creditors	2,933	7,733
Amounts owed to group undertakings	92,609	89,008
Lease liabilities	845	687
Other creditors	1,602	164
Accruals and deferred income	8,640	8,211
	106,629	105,803

Included within amounts owed to group undertakings is an amount of $nil (£nil) (2023 - $1,240,000 (£974,000)) which is unsecured, repayable on demand and accrues interest at overnight SOFR (2023 - SOFR). The remaining balance is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

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

	2024 £000	2023 £000
Lease liabilities	4,054	4,475
Accruals and deferred income	-	29
	4,054	4,504

Accruals and deferred income relate to government grants to be released to the Statement of Comprehensive Income in more than one year.

22. Leases

Company as a lessee

The Company leases property as well as vehicles used by its employees.

Lease liabilities are due as follows:

	2024 £000	2023 £000
Not later than one year	845	687
Between one year and five years	3,208	2,811
Later than five years	846	1,664
	4,899	5,162

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	183	189

23. Deferred taxation

	2024 £000
At beginning of year	(502)
Charged to the Statement of Comprehensive Income	(180)
At end of year	(682)

The deferred taxation liability is made up as follows:

	2024 £000	2023 £000
Accelerated capital allowances	(788)	(613)
Other temporary differences	106	111
	(682)	(502)

24. Provisions

	Restoration provision £000	Onerous lease provision £000	Other provisions £000	Total £000
At 1 January 2024	426	57	98	581
(Released)/charged to profit or loss	-	(57)	134	77
Transfer to fixed assets	(19)	-	-	(19)
Unwind of discount	17	-	-	17
Utilised in year	(7)	-	(129)	(136)
At 31 December 2024	417	-	103	520

Restoration provision

Provisions for terminal restoration have been discounted at 4.339% (2023 - 3.340%) per annum on current prices and where appropriate have been established after taking account of the advice of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. All amounts greater than 12 months are discounted. The restoration provision is held to cover the costs of restoring land to its original state. The costs will be incurred over the useful life of the land, most of which is over 12 months.

Onerous lease provision

An onerous lease contract reflects the unavoidable cost of meeting the obligation under the lease where this exceeds the economic benefit to be received. The provision reflects the net cost of exiting the lease, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The onerous lease provision was released during the year and has been treated as an exceptional item.

Other provisions

Other provisions relate to employee bonuses.

25. Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
101 (2023 - 101) ordinary shares of £1 each	101	101

26. Pension commitments

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

The results of the latest funding valuation at 31 December 2021 have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 31 December 2021, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The Scheme was closed to future accrual in September 2010. Scheme assets are stated at their market values at the respective balance sheet dates.

During the year, another defined benefit pension scheme, the Hanson No. 2 Pension Scheme ("Hanson No. 2 Scheme"), previously sponsored by Hanson Building Materials Limited, was merged into the Scheme. The transaction resulted in the transfer of the defined benefit pension assets and obligations into the Scheme. The merger did not result in any changes to the benefits provided to the members of either scheme.

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

	2024 £000	2023 £000
Scheme assets at fair value		
Cash and cash equivalents	134,639	34,680
Equity	154,495	143,443
Interest rate swaps	(1,771)	48
Nominal government bonds	480,853	565,216
Nominal corporate bonds	109,292	121,984
Index linked bonds	629,071	623,376
Real estate	15,372	92,329
Insurance policies	43,107	5,563
Fair value of Scheme assets	1,565,058	1,586,639
Present value of Scheme liabilities	(1,123,837)	(1,102,662)
Defined benefit Scheme assets	441,221	483,977

26. Pension commitments (continued)

Scheme assets can be further disaggregated as:

Equity
- Investment of £53,936,000 is in a pooled investment world equity fund with inputs based on indirectly observable quoted prices
- Investment of £100,559,000 is in a pooled investment infrastructure equity fund with inputs that are unobservable.

Interest rate swaps
- Interest rate swaps have inputs that are unobservable.

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

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

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

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

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

26. Pension commitments (continued)

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

	2024 %	2023 %
Rate of salary increases*	3.20	3.05
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

* For 2024 this reflects CPI inflation + 0.5% p.a. (2023 - CPI inflation + 0.5% p.a.).

The mortality assumptions are based on recent actual mortality experience of members within the Scheme with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 20.9 years if they are male (2023: 20.9 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 21.8 years after retirement if they are male (2023: 21.9 years), and for a further 24.0 years after retirement if they are female (2023: 24.1 years).

Sensitivity analysis

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

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease 0.5%	Decrease 5% / increase 5%
Rate of pension increases	Increase / decrease 0.25%	Increase 2% / decrease 2%
Life expectancy	Increase / decrease 1 year	Increase 4% / decrease 4%

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

26. Pension commitments (continued)

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

	2024 £000	2023 £000
Opening defined benefit obligation	1,102,662	1,103,983
Hanson No. 2 Scheme merger	124,097	-
Current service cost	2,023	1,895
Interest cost	48,469	51,295
Actuarial (gains)/losses on Scheme liabilities	(78,595)	16,169
Net benefits paid out	(74,819)	(70,680)
Closing defined benefit obligation	1,123,837	1,102,662

The actuarial (gains)/losses on Scheme liabilities can be broken down into effects from the adjustment of financial assumptions resulting in a gain of £82,383,000 (2023 loss - £22,722,000), effects from experience adjustments resulting in a loss of £5,774,000 (2023 loss - £9,726,000), and effects from changes in demographic assumptions resulting in a gain of £1,986,000 (2023 gain - £16,279,000).

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

	2024 £000	2023 £000
Opening fair value of Scheme assets	1,586,639	1,612,346
Hanson No. 2 Scheme merger	126,598	-
Expected return on Scheme assets	70,014	75,238
Administrative expenses paid by the Scheme	(2,189)	(1,408)
Actuarial losses on Scheme assets	(122,448)	(12,635)
Contributions paid by the employers	(18,737)	(16,222)
Net benefits paid out	(74,819)	(70,680)
Closing fair value of Scheme assets	1,565,058	1,586,639

26. Pension commitments (continued)

Amounts for the current and previous four years:

	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Fair value of Scheme assets	1,565,058	1,586,639	1,612,346	2,325,635	2,380,513
Defined benefit obligation	(1,123,837)	(1,102,662)	(1,103,983)	(1,686,298)	(1,865,761)
Surplus in Scheme	441,221	483,977	508,363	639,337	514,752
Experience (losses)/gains on Scheme assets	(122,448)	(12,635)	(675,653)	(892)	182,621
Experience (losses)/gains on Scheme liabilities *	(5,774)	(9,726)	(8,974)	(6,177)	17,984

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

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

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

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

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

26. Pension commitments (continued)

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

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.

The Hanson Industrial Pension Scheme ("HIPS") was contracted out on a salary-related basis until its closure to future accrual in 2010. A review of the Scheme's amending documentation during the relevant period indicates that:

- The majority of amendment deeds either explicitly include the required actuarial confirmation or relate to changes (e.g. to defined contribution benefits) for which such confirmation was not required.
- A limited number of deeds are silent on the matter of actuarial confirmation.

In accordance with the legal advice received, where any uncertainty exists, the Trustees have the power, subject to employer consent, to execute retrospective amendments to regularise the position. Furthermore, none of the identified amendments purport to reduce future benefits.

Based on this analysis, the Company considers the likelihood of a material increase in liabilities arising from Section 37 compliance issues to be low. Accordingly, no adjustment has been made to the defined benefit obligation in respect of these matters as at the reporting date.

27. 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 ultimate parent undertaking	85,779	258,072
Amounts owed by immediate parent undertaking	150,238	-
Amounts owed by indirect subsidiary undertakings	365	746
Amounts owed by fellow group subsidiary undertakings	1,516	1,272
Amounts owed to indirect subsidiary undertakings	(87,949)	(87,949)
Amounts owed to fellow group subsidiary undertakings	(4,660)	(1,059)
	145,289	171,082

The Company has entered into a protocol agreement with Calumite Limited ('Calumite'), a non-wholly owned indirect subsidiary undertaking. Under the protocol agreement the Company performs many of Calumite's day to day transactions for which Calumite reimburses the Company.

The fees charged by the Company for providing management services were £56,400 (2023 - £52,861). The fees charged by the Company for administrative, technical and support services were £361,322 (2023 - £409,545) and other recharges relating to buildings, rentals and insurance were £394,829 (2023 - £680,056). At the year end a balance of £367,053 (2023 - £748,021) was due from Calumite.

Calumite provides administrative services to the Company for which it charged a fee during the year of £6,240 (2023 - £53,863). At the year end £nil (2023 - £nil) was due to Calumite.

28. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson Holdings Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is 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.