

Registered number: 03173418

MIDLAND QUARRY PRODUCTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

MIDLAND QUARRY PRODUCTS LIMITED

COMPANY INFORMATION

Directors	E A Gretton S L Willis G J Day J R Green (resigned 24 June 2024) A Quilez Somolinos A G Boileau (appointed 24 June 2024)
Company secretary	W F Rogers
Registered number	03173418
Registered office	Second Floor Arena Court Crown Lane Maidenhead Berkshire SL6 8QZ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Temple Quay Bristol BS2 0FR

MIDLAND QUARRY PRODUCTS LIMITED

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MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Business review

The principal activities of the Company are quarrying and asphalt production in the Midlands.

Turnover for the year decreased by 11% compared to 2023 to £134,726,000. Both Aggregate and Asphalt sales volumes were down on prior year due to a reduction in the size of the market experienced across the Midlands as well as a decrease in the volumes supplied to the HS2. Increases in production expenses, stripping costs, and allocation of intergroup overheads resulted in operating profit falling to £17,089,000.

Net interest income increased to £3,878,000 from £3,266,000 resulting in a profit before tax of £20,967,000 (2023 - £34,108,000).

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 the Company's 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 it fosters relationships with the Company's customers and suppliers. The Directors work to ensure the sustainability of the Company's operations within local communities in the context of the potential impact on the local environment.

Sustainability Policy

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

Full details of 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 objectives in terms of: ensuring business and product innovation by engaging with customers and stakeholders to continually improve Heidelberg Materials UK's sustainability performance and adopt an integrated approach to achieve the highest standards in complying with ISOs 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 climate change to below 1.5°C; conserving natural resources and maximising the use of alternative materials and recycling; being a good neighbour and fulfilling our social value requirements based upon transparency and consultation, staff volunteering on community projects, with local jobs and local procurement; and being a fair, respectful and inclusive company.

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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

Sustainability Policy (continued)

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

The Company progressed various investments through 2024 including progressing the planning application with Leicestershire County Council for the Eastern Extension to Cliffe Hill Quarry. The Council issued planning approval in November 2024 which should extend the life of the quarry to 2042.

Further investments were completed across the business. At the Company's Baston asphalt plant, a new burner and dryer barrel were installed, which has reduced fuel consumption leading to a reduced carbon footprint for the facility and improved customer service. At the Northampton asphalt plant, a new dryer barrel was installed along with replacement ducting and associated works which will lead to reduced energy consumption and a lower carbon footprint. At the Griff asphalt plant, a new baghouse was installed, leading to reduced dust emissions and improved environmental performance.

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

Information relating to the Company's investments, improvements, performance, outlook and sustainability is presented to our stakeholders through many channels. The Company participates in the national road shows and town hall talks presented by the Heidelberg Materials UK chief executive officer, as well as holding its own annual and periodic briefing sessions, forums, driver engagement days, and management meetings with trade unions.

In 2024 the Company repeated its Employee Survey to better understand the requirements and aspirations of the workforce. There was a 13% higher completion rate than the previous one undertaken in 2022 and responses received were measured as 5 points higher in terms of positive employee engagement with the Company. A lot of work was undertaken on the Company's strategy, with the formation of Working Groups focused on clarifying the Company's Purpose Statement and defining a more rigorous medium-term plan based on 4 pillars: Colleague, Customer, Operational and Business Development.

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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

2024 (continued)

The Commercial team collaborated with Technical, Production and Customer Service colleagues to develop and commercialise a number of new and relaunched products. In particular, a new, more sustainable porous asphalt product was trialled and launched, together with the introduction of a broader range of drystone products resulting from improvements to production facilities available at the New Cliffe Hill secondary processing plant.

For the local communities where the Company's sites are situated, normally engagement was carried out through the Company's quarry liaison committee, where Company management meets with residents and the local authority, as well as through public meetings when planning matters arise. During 2024 these meetings continued on a face-to-face basis. The Company is also pleased to sponsor the local Rainbows Hospice.

The Company made numerous donations to local good causes such as Circus' Starr, a circus which focuses on bringing entertainment to children with disabilities and their families, Whitwick Parish Church, Groby Vixens U11s football team, Whitwick Netball club, Ellistown Primary School, Ludlow Town U16s football team, the Air Ambulance and NHS Leicester Renal Transplant Unit.

Further improvements in the interest of long-term sustainability and lessening the potential for impact on communities and the environment continued in 2024. These included continuing to reduce energy consumption, carbon emissions and fossil fuel use year on year at all sites.

The business is continuing to see the benefits of the revised quarry development plans. The plans are designed to reduce vehicle movements whilst also reducing inclines through better ramp design.

The Company also focused on waste reduction ensuring that a higher proportion of material meets specification at the first pass. Results from telematics on plant vehicles have shown significant improvements in fuel efficiency which are further developed with specialised driver training.

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. All of the Company's sites participate in the MPA (Mineral Products Association) Stay Safe campaign.

In order to minimise and prevent risks for our employees, customers, suppliers, and other third parties, regular risk assessments were carried out at our locations so that all risks could be evaluated and appropriate protective measures taken. The Company focused on the potentially fatal six risks set out in the business's 2024 Health and Safety improvement plan. The Company also continued to roll out the Heidelberg Materials UK mental health awareness and training programme throughout its business.

Steps taken during 2024 to ensure maintenance of a reputation for high standards of business conduct included training staff in many different compliance areas, covering our Code of Business Conduct, corruption and anti-bribery, competition law, data protection and modern slavery, all supported by a regime of policies and procedures that underpin the Company's purpose and values; the compliance program is supported by an online reporting platform that allows concerns to be reported and investigated outside of reporting lines.

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

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Principal risks and uncertainties

Competitive markets

The Company operates in highly competitive markets. It needs to respond effectively to the demand of its customers and the activities of its competitors. In doing this the Company needs to maintain the lowest possible cost base and highest possible level of customer service.

Cost impacts

The cost drivers in the Company are predominantly linked to hydrocarbon costs, fuel, electricity, bitumen, diesel etc, and any significant increases in the costs of these materials could impact on the future profitability of the business and the industry. The Company aims to continue to find opportunities to mitigate the impact of these cost pressures through revised operating techniques, substitution and productivity gains.

Foreign exchange risk

The Company is not exposed to the material financial risks of foreign currency exchange rates.

Credit risk

The Company's principal financial assets are cash, trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

Commodity price risk

The Company is exposed to commodity price risk. The Company does manage its exposure to commodity price risk where it is considered financially appropriate; presently this is only in respect of electricity purchasing.

Supplier payment policy

Whilst not following any recognised code or standard, the policy on payment of all creditors is to pay 60 days from the end of the month of invoice; reduction from these terms is allowed for commercial consideration.

Environmental risk

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

Cyber Security Risk

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

To counteract this threat level, Heidelberg Materials UK has appointed an Information Security Officer who will create and lead 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.

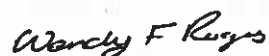
MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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, 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 14 August 2025 and signed on its behalf.



W F Rogers
Secretary

MIDLAND QUARRY PRODUCTS LIMITED

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 £15,013,000 (2023 - £26,025,000).

A dividend of £20,010,000 (2023 - £20,010,000) was paid during the year. The Directors do not recommend the payment of a final dividend (2023 - £nil).

Future developments

The Company will continue to invest in plant and long term reserves, to improve the lifespan of its quarries whilst seeking to reduce its carbon emissions and move towards a more sustainable business model.

The Directors believe that although there is still a lot of uncertainty concerning energy and other costs as a result of the continuing conflict in Ukraine and the more recent tariff increases, the Company will continue to see strong demand for its products and growth in its revenue. 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.

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.

MIDLAND QUARRY PRODUCTS LIMITED

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

Streamlined Energy and Carbon Reporting

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

Energy Efficiency Actions Summary

	Year to 31 Dec 2024	Year to 31 Dec 2023
Energy consumption used to calculate emissions (kWh)	22,411,090	22,522,618
Emissions from combustion of gas tCO ₂ e (Scope 1)	0	0
Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	156	151
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	0	0
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	4,497	4,526
Total gross tCO ₂ e based on above (location-based)	4,653	4,677
Intensity ratio (tCO ₂ e/Turnover in £000) (location-based)	0.03454	0.00309
Emissions from purchased electricity tCO ₂ e (Scope 2, market-based)	313	286
Total gross tCO ₂ e based on above (market-based)	469	437
Intensity ratio (tCO ₂ e/Turnover in £000) (market-based)	0.00348	0.00289

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

The Company has taken steps to reduce energy consumption, including the installation of lower-energy consumption burners at the Baston site and the installation of a new dryer barrel at the Northampton plant, contributing to improved fuel efficiency and emissions reduction. Site plant optimisations continue with a mix of new equipment, rebuilds, driver training and ensuring machines are correctly sized for suitable task loading.

MIDLAND QUARRY PRODUCTS LIMITED

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

Streamlined Energy and Carbon Reporting (continued)

Methodology Notes

Reporting Period	January 2024 – December 2024
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Midland Quarry Products Limited's annual accounts made up to 31st December 2024
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2024 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024
Conversion factor source	Gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020 LPG: Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance Direct Emissions from Stationary Combustion Sources 2008
Calculation method	Activity Data x Emission Factor = GHG emissions (tCO ₂ e) Activity Data x Conversion Factor = kWh consumption
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 Midland Quarry Products Limited employee numbers of the total employee numbers (4.6%) 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.
Exclusions	The Scope 3 transport fuels and the associated emissions were calculated in the first reporting year and were found to be de minimis. The usage was 778 litres of diesel and 363 litres of petrol in financial year 2020. Using the 2021 DEFRA factors for conversion these add up to 2.75 tCO ₂ e, which is less than 0.05% of the company's total annual emissions. As the information is not practical to obtain routinely and is immaterial, we have excluded this category from our annual reporting. The usage of the truck fleet is non reportable as the company hires a franchise company.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

MIDLAND QUARRY PRODUCTS LIMITED

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

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
G J Day
J R Green (resigned 24 June 2024)
A Quilez Somolinos
A G Boileau (appointed 24 June 2024)

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 independent auditors of the Company, in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 14 August 2025 and signed on its behalf.

Wendy F Rogers

W F Rogers
Secretary

MIDLAND QUARRY PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

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

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

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

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

The Responsibility Statement was approved by the board on 14 August 2025 and signed on its behalf.



W F Rogers
Secretary

Independent auditors' report to the members of Midland Quarry Products Limited

Report on the audit of the financial statements

Opinion

In our opinion, Midland Quarry Products 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.

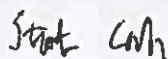
Other required reporting

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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
19 August 2025

MIDLAND QUARRY PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Turnover	3	134,726	151,258
Change in stocks of finished goods and work in progress		(3,307)	(1,923)
Other operating income	4	795	785
Raw materials and consumables		(44,514)	(46,452)
Other operating expenses	5	(57,313)	(59,959)
Staff costs	7	(9,096)	(8,338)
Depreciation and amortisation	14	(4,202)	(4,529)
Operating profit		17,089	30,842
Interest receivable and similar income	9	4,336	4,054
Interest payable and similar expenses	10	(458)	(788)
Profit before tax		20,967	34,108
Tax on profit	11	(5,954)	(8,083)
Profit for the financial year		15,013	26,025
Total comprehensive income for the year		15,013	26,025

All amounts relate to continuing operations.

The notes on pages 18 to 40 form part of these financial statements.

MIDLAND QUARRY PRODUCTS LIMITED
REGISTERED NUMBER: 03173418

BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Fixed assets			
Goodwill	13	-	-
Tangible assets	14	22,092	24,659
		<u>22,092</u>	<u>24,659</u>
Current assets			
Stocks	15	9,674	8,943
Debtors: amounts falling due within one year	16	79,174	83,621
Cash at bank and in hand		153	5
		<u>89,001</u>	<u>92,569</u>
Creditors: amounts falling due within one year	17	(23,321)	(23,246)
Net current assets		<u>65,680</u>	<u>69,323</u>
Total assets less current liabilities		<u>87,772</u>	<u>93,982</u>
Creditors: amounts falling due after more than one year	18	(7,071)	(7,819)
		<u>80,701</u>	<u>86,163</u>
Provisions for liabilities			
Deferred taxation	20	(2,304)	(2,404)
Other provisions	21	(1,521)	(1,886)
		<u>(3,825)</u>	<u>(4,290)</u>
Net assets		<u><u>76,876</u></u>	<u><u>81,873</u></u>
Capital and reserves			
Called up share capital	22	5	5
Share premium account		37,995	37,995
Profit and loss account		38,876	43,873
Total equity		<u><u>76,876</u></u>	<u><u>81,873</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 August 2025.



A Quilez Somolinos
Director

The notes on pages 18 to 40 form part of these financial statements.

MIDLAND QUARRY PRODUCTS LIMITED

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2023	5	37,995	37,858	75,858
Comprehensive income for the year				
Profit for the year	-	-	26,025	26,025
Contributions by and distributions to owners				
Dividend paid	-	-	(20,010)	(20,010)
At 1 January 2024	5	37,995	43,873	81,873
Comprehensive income for the year				
Profit for the year	-	-	15,013	15,013
Contributions by and distributions to owners				
Dividends	-	-	(20,010)	(20,010)
At 31 December 2024	5	37,995	38,876	76,876

The notes on pages 18 to 40 form part of these financial statements.

MIDLAND QUARRY PRODUCTS LIMITED

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

1. Accounting policies

1.1 General information

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

1.2 Basis of preparation of financial statements

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

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

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

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 requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

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.

MIDLAND QUARRY PRODUCTS LIMITED

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

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 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. The Companies Act 2006 requires goodwill to be reduced by provisions for depreciation of a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

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

1.6 Revenue

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

Sale of goods

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

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

MIDLAND QUARRY PRODUCTS LIMITED

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

1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

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.

The estimated useful lives range as follows:

Freehold property	- 20 years
Long term restoration and stripping costs	- Straight line at a rate per tonne calculated as cost of stripping divided by the expected tonnage to be extracted over the estimated exposed reserve
Right of use leased assets	- Over the life of the lease
Plant and machinery	- 4 to 20 years
Fixtures and fittings	- 2 to 20 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.

1.8 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.

MIDLAND QUARRY PRODUCTS LIMITED

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

1. Accounting policies (continued)

1.9 Financial instruments

Financial assets

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

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

The Company's financial assets include cash and 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.

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.

MIDLAND QUARRY PRODUCTS LIMITED

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

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Impairment of financial assets (continued)

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

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

Financial liabilities

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

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

Fair value through profit or loss

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

At amortised cost

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

Offsetting of financial instruments

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

MIDLAND QUARRY PRODUCTS LIMITED

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

1. Accounting policies (continued)

1.10 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.

1.11 Pensions

The Company participates in the Hanson Industrial Pension Scheme, which is a funded defined benefit scheme. Funds are held externally under the supervision of the corporate trustee. The assets and liabilities of the Hanson Industrial Pension Scheme are recognised on the balance sheet of Hanson Quarry Products Europe Limited. Hanson Quarry Products Europe Limited is a fellow group subsidiary and is also the sponsoring company of the scheme. Accordingly, contributions to the scheme are expensed to the Statement of Comprehensive Income as the liability for payment arises.

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

1.12 Emissions allowances

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

1.13 Restoration and teardown provision

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

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

1.14 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:

MIDLAND QUARRY PRODUCTS LIMITED

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

1. Accounting policies (continued)

1.14 Current and deferred taxation (continued)

- 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.

1.15 Leases

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

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

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

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

The lease liability is included in 'Creditors' on the Balance Sheet.

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

1. Accounting policies (continued)

1.15 Leases (continued)

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

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

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

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

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

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.

MIDLAND QUARRY PRODUCTS LIMITED

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

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

Impairment of 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.

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 provision

Provisions for restoration are measured on the basis of estimates of the development of costs and expected life of the quarry. A change in influencing parameters may have an impact on the income statements as well as the amounts recognised in the Balance Sheet. 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 21.

3. Turnover

All turnover arose within the United Kingdom.

4. Other operating income

	2024 £000	2023 £000
Other operating income	794	784
Foreign exchange gain	1	1
	<u>795</u>	<u>785</u>

MIDLAND QUARRY PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****5. Other operating expenses**

	2024 £000	2023 £000
Selling and administrative expenses	839	1,260
Distribution expenses	25,994	29,927
Expenses for third party repairs and services	19,775	18,366
Loss on disposal of tangible assets	-	155
Rental and leasing expenses	2,940	2,743
Other expenses	7,765	7,508
	<u>57,313</u>	<u>59,959</u>

6. Auditors' remuneration

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

7. Staff costs

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

	2024 £000	2023 £000
Wages and salaries	7,756	7,090
Social security costs	801	743
Cost of defined contribution scheme	539	505
	<u>9,096</u>	<u>8,338</u>

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

	2024 No.	2023 No.
Production and distribution	85	88
Administrative and sales	64	64
	<u>149</u>	<u>152</u>

MIDLAND QUARRY PRODUCTS LIMITED

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

8. Directors' remuneration

	2024 £000	2023 £000
Directors' emoluments	126	206
Company contributions to defined contribution pension schemes	12	23
	<u>138</u>	<u>229</u>

During the year retirement benefits were accruing to 1 Director (2023 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £126,000 (2023 - £206,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12,000 (2023 - £23,000).

Some of the Directors of the Company are also directors of a number of the group's fellow subsidiaries. In addition to the remuneration paid directly by the Company, the Directors received total remuneration of £2,062,000 (2023 - £1,958,000), which was paid by various fellow subsidiaries. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

9. Interest receivable and similar income

	2024 £000	2023 £000
Interest receivable from group companies	4,292	4,054
Discounted adjustments to provisions	44	-
	<u>4,336</u>	<u>4,054</u>

10. Interest payable and similar expenses

	2024 £000	2023 £000
Discounted adjustments to provisions	-	14
Interest on lease liabilities	203	146
Other interest payable	255	628
	<u>458</u>	<u>788</u>

MIDLAND QUARRY PRODUCTS LIMITED

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

11. Taxation

	2024 £000	2023 £000
Corporation tax		
Current UK Corporation tax on profits for the year	5,232	7,896
Adjustments in respect of prior periods	822	-
Total current tax	<u>6,054</u>	<u>7,896</u>
Deferred tax		
Origination and reversal of timing differences	(30)	79
Adjustments in respect of prior periods	(70)	108
Total deferred tax	<u>(100)</u>	<u>187</u>
Taxation on profit	<u>5,954</u>	<u>8,083</u>

Reconciliation of the tax charge/(credit) for the year

The tax assessed for the year is higher than (2023 - higher than) the standard rate of corporation tax in the UK of 25.0% (2023 - 23.5%). The differences are explained below:

	2024 £000	2023 £000
Profit before tax	<u>20,967</u>	<u>34,108</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.50%)	5,242	8,015
Effects of:		
Expenses not deductible for tax purposes	22	8
Adjustments to tax charge/(credit) in respect of prior periods	752	108
Changes in tax rates	-	6
Transfer pricing adjustments	(62)	(54)
Total tax charge/(credit) for the year	<u>5,954</u>	<u>8,083</u>

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 liability is expected to be settled.

MIDLAND QUARRY PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****12. Dividends**

	2024 £000	2023 £000
Interim dividend paid on "A" Ordinary shares	10,010	10,010
Interim dividend paid on "B" Ordinary shares	10,000	10,000
	<u>20,010</u>	<u>20,010</u>

During the year the Company paid an interim cash dividend of £10,000 (2023 - £10,000) per share to the holders of the 'A' and 'B' Ordinary Shares.

13. Goodwill

	2024 £000
Cost	
At 1 January 2024 and 31 December 2024	3,284
Amortisation	
At 1 January 2024 and 31 December 2024	3,284
Net book value	
At 31 December 2024	<u>-</u>
At 31 December 2023	<u>-</u>

MIDLAND QUARRY PRODUCTS LIMITED

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

14. Tangible fixed assets

	Freehold property £000	Long term restoration £000	Stripping costs £000	Plant and machinery £000	ROU Plant and machinery £000	Fixtures and fittings £000	ROU Land and buildings £000	Assets under construction £000	Total £000
Cost									
At 1 January 2024	2,886	408	18,950	91,631	3,777	235	3,035	1,346	122,268
Additions	-	-	-	303	401	-	-	957	1,661
Disposals	-	(26)	-	-	(204)	-	-	-	(230)
Asset class transfer	-	-	-	1,345	-	-	-	(1,345)	-
At 31 December 2024	2,886	382	18,950	93,279	3,974	235	3,035	958	123,699
Depreciation									
At 1 January 2024	1,869	364	15,437	75,737	2,833	177	1,192	-	97,609
Charge for the year	83	5	630	2,624	583	18	259	-	4,202
Disposals	-	-	-	-	(204)	-	-	-	(204)
At 31 December 2024	1,952	369	16,067	78,361	3,212	195	1,451	-	101,607
Net book value									
At 31 December 2024	934	13	2,883	14,918	762	40	1,584	958	22,092
At 31 December 2023	1,017	44	3,513	15,894	944	58	1,843	1,346	24,659

MIDLAND QUARRY PRODUCTS LIMITED

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

15. Stocks

	2024 £000	2023 £000
Raw materials and consumables	4,653	4,659
Finished goods and goods for resale	5,021	4,284
	<u>9,674</u>	<u>8,943</u>

Replacement costs of stock

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

16. Debtors

	2024 £000	2023 £000
Due within one year		
Trade debtors	5,238	5,220
Amounts owed by group undertakings	73,641	77,115
Corporation tax receivable	244	1,104
Prepayments and accrued income	51	182
	<u>79,174</u>	<u>83,621</u>

Included within amounts owed by group undertakings is an amount of £72,469,000 (2023 - £77,110,000) which is unsecured, repayable on demand and accrues interest at SONIA (2023 - SONIA).

The remaining balance is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

MIDLAND QUARRY PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****17. Creditors: Amounts falling due within one year**

	2024 £000	2023 £000
Trade creditors	13,068	13,657
Amounts owed to group undertakings	6	119
Corporation tax	222	-
Other taxation and social security	1,535	1,494
Lease liabilities	1,014	941
Other creditors	255	1,895
Accruals and deferred income	7,221	5,140
	<u>23,321</u>	<u>23,246</u>

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

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

	2024 £000	2023 £000
Lease liabilities	<u>7,071</u>	<u>7,819</u>

19. Leases**Company as a lessee**

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

Lease liabilities are due as follows:

	2024 £000	2023 £000
Not later than one year	1,014	941
Between one year and five years	2,194	2,443
Later than five years	4,877	5,376
	<u>8,085</u>	<u>8,760</u>

MIDLAND QUARRY PRODUCTS LIMITED

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

20. Deferred taxation

	2024 £000	2023 £000
At beginning of year	(2,404)	(2,217)
Credited/(Charged) to the Statement of Comprehensive Income	100	(187)
At end of year	(2,304)	(2,404)

The provision for deferred taxation is made up as follows:

	2024 £000	2023 £000
Accelerated capital allowances	(2,567)	(2,704)
Other temporary differences	263	300
	(2,304)	(2,404)

21. Other provisions

	Restoration £000	Carbon Emissions £000	Other provision £000	Total £000
At 1 January 2024	1,156	330	400	1,886
Charged to profit or loss	-	59	49	108
Transfer to fixed assets	(26)	-	-	(26)
Unwind of discount	(44)	-	-	(44)
Utilised in year	(34)	(200)	(169)	(403)
At 31 December 2024	1,052	189	280	1,521

Provisions for terminal restoration have been discounted at 5.072% (2023 - 4.111%) 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.

MIDLAND QUARRY PRODUCTS LIMITED

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

21. Other provisions (continued)

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

Other provisions relate to expected rent accruals required due to rent reviews incurred but not formally agreed and finalised on leases out of scope for IFRS 16.

22. Share capital

	2024 £000	2023 £000
Authorised		
1,499 (2023 -1,499) "A" Ordinary shares of £1 each	1	1
1,499 (2023 -1,499) "B" Ordinary shares of £1 each	1	1
3,000 (2023 -3,000) "C" Ordinary shares of £1 each	3	3
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>
Allotted, called up and fully paid		
1,001 (2023 -1,001) "A" Ordinary Shares of £1 each	1	1
1,000 (2023 -1,000) "B" Ordinary Shares of £1 each	1	1
3,000 (2023 -3,000) "C" Ordinary Shares of £1 each	3	3
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>

"A" and "B" Ordinary Shares have equal voting rights, but the holders of "C" Ordinary Shares are not entitled to vote or attend any general meeting of the company.

The "A" Ordinary Shares, "B" Ordinary Shares and "C" Ordinary Shares shall rank pari passu in respect of any dividend or distribution declared by the Company in any financial year after holders of the "A" and "B" Ordinary Shares have received a dividend of £10,000,000 in respect of each "A" and "B" Ordinary Share.

On a return of assets on a winding up, or otherwise, the holder of the "B" Shares shall be entitled to 50 per cent of the amount so returned; the holder of the "C" Ordinary Shares shall be entitled to the lesser of:

i) 50p per share; or

ii) 50 per cent of the amount so returned;

and the holder of the "A" Ordinary Shares shall be entitled to the balance.

MIDLAND QUARRY PRODUCTS LIMITED

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

23. 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 within 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 accruals 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 a fellow group company, 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

MIDLAND QUARRY PRODUCTS LIMITED

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

23. 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.

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	<u>1,123,837</u>	<u>1,102,662</u>

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).

MIDLAND QUARRY PRODUCTS LIMITED

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

23. 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 LPI 5%	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 increase	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.

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	<u>1,565,058</u>	<u>1,586,639</u>

MIDLAND QUARRY PRODUCTS LIMITED

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

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

UK legislation requires that pension schemes are funded prudently. The latest funding valuation as at 31 December 2021 was agreed on 22 December 2022. The valuation showed a surplus of £358,500,000, therefore no deficit recovery contributions are required. As part of the valuation it has been agreed that the Company will pay no contributions in respect of death in service, incapacity retirement and redundancy retirement benefits.

Expenses, including levies payable to the Pensions Protection Fund (PPF) are met out of the Scheme assets. The next funding valuation is due with an effective date no later than 31 December 2024.

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

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

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

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

MIDLAND QUARRY PRODUCTS LIMITED

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

23. Pension commitments (continued)

As part of the Company's ongoing review of its defined benefit pension arrangements, legal advice was obtained in relation to the implications of the Virgin Media v NTL Trustees case and its interpretation of Section 37 of the Pension Schemes Act 1993. This case clarified the formal requirements for actuarial confirmation in respect of amendments made to contracted-out defined benefit schemes between 6 April 1997 and 5 April 2016.

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.

24. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 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	72,469	77,110
Amounts owed by fellow subsidiary undertakings	342	5
Amounts owed by/to immediate parent undertaking	830	(113)
Amounts owed to fellow subsidiary undertakings	(6)	(6)
	<u>73,635</u>	<u>76,996</u>

25. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson Quarry Products Europe 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.

