

TITAN CEMENT U.K. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022



TITAN CEMENT U.K. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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TITAN CEMENT U.K. LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Pavlos Paschopoulos Grigorios Dikaïos Steven James Walsh
Company Secretary:	Rollits Company Secretaries Limited
Independent Auditors:	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
Solicitors:	Rollits Willberforce Court High Street Hull HU1 1YJ
Registered office:	No. 12 Shed King George Dock Hull HU9 5PR
Bankers:	Natwest Bank Hull City Centre Branch 34 King Edward Street Hull HU1 3SS
Registration number:	02209994

TITAN CEMENT U.K. LIMITED

STRATEGIC REPORT

Strategic report for the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Business review

The Company, domiciled in the U.K., is a part of the Titan Cement International S.A. Group (the Group). Titan Cement International S.A. (TCI) is a societe anonyme incorporated under the laws of Belgium. Its statutory seat is in Belgium and its management is based in Cyprus. Following the successful completion of the voluntary tender offer launched for 100% of the share capital of Titan Cement Company S.A., TCI has become the ultimate holding company of the Titan Group. All shares of TCI are primarily listed on the Euronext Brussels and secondary listed on Euronext Paris and Athens Stock Exchange. During the course of 2022, the Company continued to carry out its operations of importing and distributing of cement.

The U.K. economy as per the Office for National Statistics reported said gross domestic product (GDP) increased by 4% (2021: 7.5%) in 2022, as the U.K. economy rebounded from the effects of the COVID 19 pandemic. The forecasts show that U.K. economy is expected to grow in 2023 by 0.3%. The Company succeeded to maintain the market position stable throughout the year. Future developments are looking to be better from the 2022 levels of sales, and a better outlook for 2023.

The Company continued to offer competitive trade terms applying more effective marketing strategies, while the level of CRS standards was maintained, ensuring green operations.

The gross profit for the year amounted to £5,181,056 (2021: £5,487,429) and the total comprehensive income for the financial year amounted to £1,820,000 (2021: £2,028,051).

Business performance and key performance indicators

During the year, the trade debtors, compared to the sales, decreased, with the year-end balance amounting to £5,222,659 or 16.2% of sales, compared to £4,357,161 or 16.9% of sales in 2021.

The Board has assessed that the key performance indicators that are the most effective indicators of achieving company objectives include:

- (i) Gross return on sales, i.e. gross profit as percentage of revenue
- (ii) Net returns on sales, i.e. total comprehensive income as a percentage of revenue
- (iii) Net cash flow increase/decrease

The Company's key performance indicators during the year were as follows:

	2022	2021	Decrease
Gross profit (£)	5,181,056	5,487,429	(5.6%)
Gross return on sales (%)	16.0%	21.3%	(5.3%)
Total comprehensive income for the financial year (£)	1,820,000	2,028,051	(10.3%)
Net return on sales (%)	5.6%	7.9%	(2.3%)
Cash at bank and in hand movement (£)	337,460	887,003	(62%)

TITAN CEMENT U.K. LIMITED

STRATEGIC REPORT

Principal risks and uncertainties and exposure to financial risks

The Company has carried out a formal exercise to identify and assess the impact of various risks on its business.

The loss or severe reduction of any key customer, or significant adverse changes in commercial terms could have a material impact on future performance. Therefore, the Company's performance can be influenced by the dynamics of its customers and markets, being mainly the construction sector, and their own performance in this sector. Risks are mitigated by monitoring industry and economic developments.

The key business risks affecting the Company are considered to be credit risk and price risk:

- Credit risk: The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.
- Price risk: The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to commodity price risk exceeds any potential benefits. The Board will revisit the appropriateness of this policy, should the Company's operations change in size or nature.

Future developments

From the emergence of the coronavirus crisis, the Board of Directors has taken measures to protect the health and safety of the Company's people and to ensure operational continuity and satisfaction of the Company's customer needs. The health and safety of the Company's staff, customers and suppliers is a top priority and several precautionary measures have been taken to this effect. Business continuity plans have also been implemented and the Company remains operational. The Company has been, inevitably, impacted by the COVID 19 crisis, however, such impact was not significant.

The directors aim to improve the already strong management policies which have resulted in this year's stability and profits.

The Company's operations are aligned with the Group's strategic priorities with respect to importation and distribution of cement. The Group will continue to focus on producing positive free cash flow and cost reduction so as to ensure sustainability in business operations and in growth.

Section 172(1) Directors' statement

A director of a company must act in the way he or she considers, in good faith, would most likely promote the success of the group and company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the group and company's employees;
- the need to foster the group and company's business relationships with suppliers, customers and others;
- the impact of the group and company's operations on the community and environment;
- the desirability of the group and company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the group and company.

Our purpose

The primary purpose of the Company is to serve the cement markets.

Through effective delivery and the collaboration of our people, we constantly strive to help set market standards, trust and build our reputation for excellence.

The Board's approach to section 172 and decision making

Collectively the Board of Directors (the "Board"), appointed by the company's shareholders, are responsible for the effective oversight of the group and the company and have implemented a governance structure to support the long term success of the group and the company to deliver sustainable shareholder value.

TITAN CEMENT U.K. LIMITED

STRATEGIC REPORT

Section 172(1) Directors' statement (continued)

The Board's approach to section 172 and decision making (continued)

The Board uses Operations, Commercial, Quality, Human Resources, Project Management (PMO), Finance, Environmental Social & Governance (ESG) as the basis to consider and discuss both key strategic and tactical decisions, taking account of their likely long term impact on the activities and success of the business and on its key stakeholders where relevant.

The Board has approved and implemented several policies which govern and promote effective corporate and social responsibilities, such as the Environmental, Social and Governance policy, Anti Bribery and Corruption policy, and various Codes of Conduct (for Employees, Suppliers, Customers & Communities).

Stakeholder engagement

The Board acknowledges that the long term success of the company is dependent on the way it works with the stakeholder.

Customers

Customers build long standing relationships and deliver high standards of service in order to ensure that we have met our customers' needs and expectations.

During 2023, we have continued to invest in our commercial function in order to support our customers' needs.

Monthly reports are provided by the general manager, which detail our performance against KPI's and our customers' needs.

Suppliers

Our Supply Chain is characterised by formal supply contracts. The company is committed to maintaining the highest possible standards of integrity and trust in our business relationship with suppliers, and in turn, looks for suppliers and contractors who operate with values and standards like ours.

Monthly reports are provided by the general manager, which detail our performance against KPI's and our suppliers' needs.

Employees

The Board recognises that the ability to retain talented and committed employees.

Engagement with employees takes many forms including surveys, formal and informal meetings and regular email communications.

Shareholders

Our Board consists from directors appointed by the company's shareholders. These representatives receive monthly management accounts and Board packs containing summaries of the key matters.

The shareholder also receives an annual Budget presentation and an annual review presentation.

Lenders

The company has no credit facilities.

Community

Building relationships with the local community continues to be important.

TITAN CEMENT U.K. LIMITED

STRATEGIC REPORT

Section 172(1) Directors' statement (continued)

Environment

The risk of environmental damage that might be caused is controlled through the implementation and enforcement of health and safety policies and procedures, including safe operating procedures.

The Company is committed to further reducing the environmental impact of our operations through the efficient use of resources, the reduction of waste and carbon emissions, recycling, transport planning and the careful handling of hazardous substances.

The Company will encourage its employees and business partners to conduct activities in an environmentally responsible manner by:

- a) Supporting local environment sustainability initiatives such as energy saving, green travel or waste reduction programmes.
- b) Challenging unsustainable activities such as the wasteful use of water.
- c) Being vigilant with respect to reporting any environmental risks, hazards or situations which do not appear right, including any potential regulatory breaches.

To facilitate the measurement of progress, targets are monitored by the General Manager to effect continuous improvement.

Principal decisions taken in the year

The Board approved the group budget for 2023.

The Board considers that it has complied in all material respects with their s172(1) duties.

This report was approved by the Board on 29 September 2023 and signed on its behalf by:



Steven James Walsh
Director

TITAN CEMENT U.K. LIMITED

DIRECTORS' REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the importation and distribution of cement.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements can be found in the Strategic Report pages 2 to 5, and are considered satisfactory.

The Company's future developments as presented in the financial statements can be found in the Strategic Report page 3.

Political and charitable donations

During the year ended 31 December 2022 the Company made £nil (2021: £nil) political donations and £nil (2021: £nil) charitable donations.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company can be found in the Strategic Report page 3.

Going concern basis

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. UK has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in UK. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

TITAN CEMENT U.K. LIMITED

DIRECTORS' REPORT

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any action in case the crisis becomes prolonged.

Directors expect continued profitability, have positive net current assets position and relatively healthy cash balance and have prepared forecasts, for more than 12 months from approval of the financial statements.

Results and Dividends

The Company's results for the year are set out on page 13. The net profit for the year attributable to the shareholders of the Company amounted to £1,820,000 (2021: £2,028,051). On 31 December 2022 the total assets of the Company were £11,474,290 (2021: £9,991,504) and the net assets of the Company were £8,750,276 (2021: £6,930,276).

Dividends

The Board of Directors did not propose or approve the payment of dividends for the financial year ended 31 December 2022. As of the date of signing these financial statements the Board of Directors did not propose or approve the payment of any dividends.

Share capital

There were no changes in the share capital of the Company during the year under review.

Corporate governance - systems of risk management and internal control over financial reporting

Formal systems of risk management and internal control over financial reporting operate within the Company including a group policy and procedure manual.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2022.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

A number of the Company's directors are remunerated by the ultimate parent undertaking with no recharge to the Company. It is not possible to identify separately the directors' emoluments relating to their services provided to the Company. Therefore, no disclosure of their emoluments is presented.

Steven James Walsh is remunerated by Titan Cement U.K. Limited. His remuneration is outlined below:

	2022 £	2021 £
Remuneration	96,626	85,377
	<u>96,626</u>	<u>85,377</u>

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of a Directors' Liability Insurance, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by Titan Cement Company S.A. and applicable to the directors of Titan Cement U.K. Limited, was in force throughout the last financial year and is currently in force.

TITAN CEMENT U.K. LIMITED

DIRECTORS' REPORT

Disclosure of information to the auditors

So far as each person at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

This report was approved by the Board on 29 September 2023 and signed on its behalf by:



Steven James Walsh
Director

TITAN CEMENT U.K. LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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 also 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 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.



Steven James Walsh.

29th September 2023

Independent auditors' report to the members of Titan Cement U.K. Limited

Report on the audit of the financial statements

Opinion

In our opinion, Titan Cement U.K. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the 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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 Statement of directors' responsibilities in respect of the financial statements, 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 employment law and health and safety 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 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 manipulation of financial performance through journal entries. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries using a risk-based approach, in particular any entries with unusual account combinations relating to revenue;
- Testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate, particularly relating to the valuation of inventory; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

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.

Thomas Dodd (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
29 September 2023

TITAN CEMENT U.K. LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	6	32,307,915	25,714,130
Cost of sales		(27,126,859)	(20,226,701)
Gross profit		5,181,056	5,487,429
Distribution costs		(2,149,588)	(2,228,011)
Administrative expenses		(739,979)	(713,049)
Operating profit	7	2,291,489	2,546,369
Finance income	9	20,301	1,440
Finance costs	9	(69,719)	(68,625)
Profit before tax		2,242,071	2,479,184
Tax on profit	10	(422,071)	(451,133)
Profit for the year		1,820,000	2,028,051
Total comprehensive income for the year		1,820,000	2,028,051

The notes on pages 16 to 31 form an integral part of these financial statements.

TITAN CEMENT U.K. LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £	2021 £
ASSETS			
Non-current assets			
Plant, machinery and equipment	11	46,277	55,115
Right-of-use assets	12	<u>1,778,707</u>	<u>1,808,266</u>
		1,824,984	1,863,381
Current assets			
Inventories	13	1,965,731	1,748,096
Debtors	14	5,403,759	4,437,671
Cash at bank and in hand		<u>2,279,816</u>	<u>1,942,356</u>
		9,649,306	8,128,123
Total assets		11,474,290	9,991,504
EQUITY AND LIABILITIES			
Equity			
Called up share capital	15	2,200,000	2,200,000
Retained earnings		<u>6,550,276</u>	<u>4,730,276</u>
Total equity		8,750,276	6,930,276
Non-current liabilities			
Lease liabilities	16	1,650,268	1,666,926
Deferred tax liabilities	17	<u>996</u>	<u>4,919</u>
		1,651,264	1,671,845
Current liabilities			
Creditors and accruals	18	675,201	934,615
Lease liabilities	16	228,055	205,278
Current tax liabilities		<u>169,494</u>	<u>249,490</u>
		1,072,750	1,389,383
Total liabilities		2,724,014	3,061,228
Total equity and liabilities		11,474,290	9,991,504

The financial statements on pages 13 to 31 were approved by the Board of Directors on 29 September 2023 and signed on its behalf by:



Steven James Walsh
Director

Registration Number: 02209994

The notes on pages 16 to 31 form an integral part of these financial statements.

TITAN CEMENT U.K. LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Total £
Balance at 1 January 2021	2,200,000	2,702,225	4,902,225
Comprehensive income			
Profit for the financial year	-	2,028,051	2,028,051
Total comprehensive income for the year	-	2,028,051	2,028,051
Balance at 31 December 2021/ 1 January 2022	2,200,000	4,730,276	6,930,276
Comprehensive income			
Profit for the financial year	-	1,820,000	1,820,000
Total comprehensive income for the year	-	1,820,000	1,820,000
Balance at 31 December 2022	2,200,000	6,550,276	8,750,276

The notes on pages 16 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Incorporation and principal activities**Country of incorporation**

The Company Titan Cement U.K. Limited (the "Company") was incorporated and domiciled in the United Kingdom on 6 January 1988 as a private limited liability company under the provisions of the UK Companies Law. The Company is "limited by shares". Its registered office is at No. 12 Shed, King George Dock, Hull, HU9 5PR.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the importation and distribution of cement.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2006 ("the Act") as applicable using FRS 101. The financial statements have been prepared under the historical cost convention.

The Company is qualifying entity for the purposes of FRS 101. Note 19 gives details of the company's parent and from where its consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), may be obtained.

The disclosure exemptions adopted by the Company, in accordance with FRS 101 are as follows:

- The requirements of IFRS 7 "Financial Instruments: Disclosures";
- The requirements of paragraphs 91-99 of IFRS 13 "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of IAS 7 "Statement of Cash Flows";
- The requirements of paragraph 17 of IAS 24 "Related party disclosures" (key management compensation);
- The requirements of IAS 24 "Related party disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The following paragraphs of IAS 1 "Presentation of financial statements":
 - (i) 10(d) (statement of cash flows),
 - (ii) 16 (statement of compliance with IFRS),
 - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements),
 - (iv) 38B-D (additional comparative information),
 - (v) 111 (cash flow statement information), and
 - (vi) 134-136 (capital management disclosures);
- The requirements of paragraph 38 of IAS 1 "Presentation of financial statements", comparative information requirements in respect of:
 - (i) paragraph 73(e) of IAS 16 "Property, plant and equipment",
 - (ii) paragraph 79(a)(iv) of IAS 1, and
 - (iii) paragraph 118(e) of IAS 38, "Intangible assets" (reconciliations between the carrying amount at the beginning and end of the period);
- The requirements of paragraph 52 of IFRS 16 "Leases", and
- The requirements of paragraphs 30 and 31 of IAS 8, "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

3. Functional and presentation currency

The financial statements are presented in United Kingdom Pounds (£) which is the functional currency of the Company.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies

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

Going concern basis

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. UK has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in UK. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any action in case the crisis becomes prolonged.

Directors expect continued profitability, have positive net current assets position and relatively healthy cash balance and have prepared forecasts, for more than 12 months from approval of the financial statements.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Revenue recognition (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods contain one or more performance obligations (that is, distinct promises to provide a good) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good that is promised to a customer is distinct if the customer can benefit from the good, either on its own or together with other resources that are readily available to the customer (that is, the good is capable of being distinct) and the Company's promise to transfer the good to the customer is separately identifiable from other promises in the contract (that is, the good is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product to a customer.

- **Sale of products**

Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

Pensions

The Company participates in a defined contribution pension scheme. The Company has no further payment obligations once the contributions have been paid. Contributions are charged in the income statement as they become payable in accordance with the rules of the scheme.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated in the basis of the tax laws enacted or substantively enacted at the reporting date in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost less estimated residual value of assets on a straight line basis over the expected useful economic lives, commencing when the assets are first brought into use. The expected useful economic lives are:

Plant, machinery and equipment	5-15 years
Computer equipment	4 years
Motor vehicles	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the original part that has been replaced is derecognised. All other repairs and maintenance expenditure are charged to the income statement during the period in which they are incurred.

The assets' residual values and the remaining useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Administration expenses" in the statement of comprehensive income.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Leases (continued)

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Every year all the details of the lease terms are assessed and, if necessary, are re-calculated.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Leases (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost (AC) or at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

Cash at bank and in hand comprise deposits with banks and bank and cash balances.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current assets.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements. The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Trade receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stock. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Share capital

Ordinary shares are classified as equity.

5. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

There are no critical accounting estimates or judgements that had a significant effect on the amounts recognised in the financial statements.

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Revenue

Disaggregation of revenue

	2022	2021
	£	£
Sales of goods - UK	32,307,915	25,714,130
	32,307,915	25,714,130

7. Operating profit

	2022	2021
	£	£
Operating profit is stated after charging the following items:		
Depreciation of right-of-use assets (Note 12)	265,892	236,738
Depreciation of tangible assets (Note 11)	10,588	10,490
Staff costs (Note 8)	637,721	591,611
Auditors' remuneration - audit fee	27,500	24,904
Inventory recognised as an expense	27,439,916	19,630,535
Loss on foreign exchange difference	6,096	23,482

8. Staff costs

	2022	2021
	£	£
Wages and salaries	567,170	526,596
Social security costs	58,247	53,598
Other pensions cost	12,304	11,417
	637,721	591,611

	2022	2021
	Number	Number
Monthly average number of employees:		
Administration	3	3
Operational	7	7
	10	10

There were no outstanding or prepaid pension contributions as at 31 December 2022 (2021: £Nil). None of the directors (2021: None) are accruing benefits under the defined contribution scheme of the Company.

A number of the Company's directors are remunerated by the ultimate parent undertaking with no recharge to the Company. The remuneration of director Steven James Walsh is included in the staff costs. It is not possible to identify separately the directors' emoluments relating to their services provided to the Company. Therefore, no disclosure of directors' emoluments is presented.

Steven James Walsh is remunerated by Titan Cement U.K. Limited. His remuneration is outlined below:

	2022	2021
	£	£
Remuneration	96,626	85,377
	96,626	85,377

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Finance income/(costs)

The Company provides retirement benefits in the form of lump sum amounts based on a fixed benefit retirement plan to its employees. The Company's policy is to carry out every three years an independent actuarial valuation of the liabilities with regard to the retirement benefit scheme.

9. Finance income/(costs)

	2022 £	2021 £
Interest income	5,820	442
Other finance income	14,481	998
Finance income	20,301	1,440
Finance lease interest	(69,719)	(68,625)
Finance costs	(69,719)	(68,625)
Net finance costs	(49,418)	(67,185)

Interest income is analysed as follows:

	2022 £	2021 £
Bank deposits	5,820	442
	5,820	442

10. Tax on profit

	2022 £	2021 £
UK corporation tax on profits for the year - current year	425,994	467,990
Corporation tax - prior years	-	(7,462)
Deferred tax - credit (Note 17)	(3,923)	(9,395)
Charge for the year	422,071	451,133

The tax on the Company's profit before tax differs from (2021: differs from) theoretical amount that would arise using the applicable tax rates as follows:

	2022 £	2021 £
Profit before tax	2,242,071	2,479,184
Tax calculated at the applicable tax rates	425,993	471,045
Tax effect of expenses not deductible for tax purposes	2,011	-
Tax effect of allowances and income not subject to tax	(2,010)	(3,055)
Deferred tax	(3,923)	(9,395)
Prior year tax	-	(7,462)
Tax charge	422,071	451,133

Factors affecting current and future tax charges

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. Tax on profit (continued)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Plant, machinery and equipment

	Plant and machinery £	Computer equipment £	Total £
Cost			
Balance at 1 January 2021	3,570,227	55,077	3,625,304
Additions	12,643	-	12,643
Balance at 31 December 2021/ 1 January 2022	3,582,870	55,077	3,637,947
Additions	-	1,750	1,750
Balance at 31 December 2022	3,582,870	56,827	3,639,697
Accumulated depreciation			
Balance at 1 January 2021	3,524,959	47,383	3,572,342
Charge for the year	6,487	4,003	10,490
Balance at 31 December 2021/ 1 January 2022	3,531,446	51,386	3,582,832
Charge for the year	7,391	3,197	10,588
Balance at 31 December 2022	3,538,837	54,583	3,593,420
Net book amount			
Balance at 31 December 2022	44,033	2,244	46,277
Balance at 31 December 2021	51,424	3,691	55,115

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. Right-of-use assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
Balance at 1 January 2021	2,306,677	214,405	9,084	2,530,166
Balance at 31 December 2021/ 1 January 2022	2,306,677	214,405	9,084	2,530,166
Additions	217,987	-	18,346	236,333
Balance at 31 December 2022	2,524,664	214,405	27,430	2,766,499
Accumulated depreciation				
Balance at 1 January 2021	382,498	100,056	2,608	485,162
Charge for the year	191,249	42,881	2,608	236,738
Balance at 31 December 2021/ 1 January 2022	573,747	142,937	5,216	721,900
Charge for the year	215,307	42,881	7,704	265,892
Balance at 31 December 2022	789,054	185,818	12,920	987,792
Net book amount				
Balance at 31 December 2022	1,735,610	28,587	14,510	1,778,707
Balance at 31 December 2021	1,732,930	71,468	3,868	1,808,266

On 28 December 2017 the Company entered into a new lease contract for leasing a storage warehouse from a third party. The new lease contract was made for replacing a lease contract initially made on 28 December 2001. As per the new lease contract, the annual lease payments are based on the total cargo discharged at the warehouse with a minimum guaranteed amount of £240,075 (150,000 tonnes of cargo).

The lease contract expires on 22 January 2031 and is non-cancellable and the Company does not have the option to purchase the leased asset at the end of the lease term.

On 14 February 2019, the Company signed an addendum agreement with effect from 1 January 2019, whereas the annual lease payments were agreed to £234,000.

On 21 March 2022, the Company signed an addendum agreement with effect from 23 January 2022, whereas the annual lease payments were agreed to £262,000.

The Company entered into another lease contract on 19 September 2018 for leasing machinery. An initial payment of £117,850 was made on 19 September 2018. Monthly lease payments amount to £2,493.

The lease term is 5 years and is non-cancellable and the Company has the option to purchase the leased asset at the end of the lease term.

On initial recognition of the leased assets in 2019, the minimum lease payments were discounted using the Company's incremental borrowing rate of 3.75% and the Company recognised a corresponding lease liability (Note 16).

Amounts recognised in income statement:	2022 £	2021 £
Expenses relating to leases of low value assets	-	-
Expense relating to short term leases	-	-
Expense relating to variable lease payment not included in the lease liabilities	-	-

TITAN CEMENT U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. Right-of-use assets (continued)

Interest expense on lease liabilities	<u>(69,719)</u>	<u>(68,625)</u>
	<u>(69,719)</u>	<u>(68,625)</u>

13. Inventories

	2022 £	2021 £
Finished products	1,776,978	331,351
Spare parts and other consumables	188,753	143,495
Goods in transit	-	1,273,250
	<u>1,965,731</u>	<u>1,748,096</u>

All inventories are carried at cost. As at the balance sheet date, inventories of £Nil (2021: £Nil) have a net realisable value lower than cost.

14. Debtors

	2022 £	2021 £
Trade receivables	5,207,419	4,327,296
Receivables from group undertakings	15,240	29,865
Deposits and prepayments	94,452	80,396
Other receivables	86,648	114
	<u>5,403,759</u>	<u>4,437,671</u>

No debtors are included in the Company's trade receivable balance which are past due at the reporting date (2021: £Nil), which the Company has provided for.

15. Called up share capital

	2022 Number of shares	2022 £	2021 Number of shares	2021 £
Authorised				
Ordinary shares of £1 each	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Issued and fully paid				
Balance at 1 January	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Balance at 31 December	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>

TITAN CEMENT U.K. LIMITED

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For the year ended 31 December 2022

16. Lease liabilities

	2022 £	2021 £
Balance at 1 January	1,872,204	2,070,253
Repayments	(63,600)	(266,674)
Interest expense charged	69,719	68,625
Balance at 31 December	1,878,323	1,872,204

	Minimum lease payments		The present value of minimum lease payments	
	2022 £	2021 £	2022 £	2021 £
Not later than 1 year	266,671	266,673	228,055	205,278
Later than 1 year and not later than 5 years	1,893,323	1,893,321	1,650,268	1,666,926
	2,159,994	2,159,994	1,878,323	1,872,204
Future finance charges	(281,671)	(287,790)	-	-
Present value of lease liabilities	1,878,323	1,872,204	1,878,323	1,872,204

Implicit rate used for discounting the lease liability is 3.75% (2021: 3.75%).

All lease obligations are denominated in United Kingdom Pounds.

The Company's obligations under leases are secured by the lessors' title to the leased assets.

17. Deferred tax Liabilities

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences £
Balance at 1 January 2021	14,314
Credited to:	
Statement of comprehensive income (Note 10)	(9,395)
Balance at 31 December 2021/ 1 January 2022	4,919
Credited to:	
Statement of comprehensive income (Note 10)	(3,923)
Balance at 31 December 2022	996

Deferred taxation liability arises as follows:

	2022 £	2021 £
Capital allowances in excess of depreciation	996	4,919
	996	4,919

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18. Creditors and accruals

	2022	2021
	£	£
Trade payables	298,175	296,993
Taxation and social security	356,513	481,740
Accruals and deferred income	20,513	153,798
Amounts owed to group undertakings	-	2,084
	<u>675,201</u>	<u>934,615</u>

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

19. Parent company

The Company's immediate parent undertaking and controlling party is Titan Cement Company S.A., a company incorporated in Greece. The Company's ultimate parent undertaking and controlling party is Titan Cement International S.A., a company incorporated in Belgium.

The largest and smallest group in which the results of the company are consolidated is that headed by Titan Cement International S.A. The consolidated financial statements of this group may be obtained from Titan Cement International S.A., Rue de la Loi 23, 7th Floor, Box 4, 1040 Brussels, Belgium or its website at www.titancement.com.

20. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.