

TITAN CEMENT UK LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 December 2017

Registration number: 02209994

TITAN CEMENT UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

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TITAN CEMENT UK LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

C Gkikas
G Krystallidis
N Vlassopoulos (resigned on 31 March 2017)
P Paschopoulos
G Damaskinakis (appointed 01 March 2017)

Company Secretary:

Rollits Company Secretaries Limited

Independent Auditors:

PricewaterhouseCoopers LLP
Central Square
29 Wellington street
Leeds
LS1 4DL

Solicitors:

Rollits
Wilberforce Court
High Street
Hull
HU1 1YJ

Registered office:

No. 12 Shed
King George Dock
Hull
HU9 5PR

Banker:

Natwest Bank
Hull City Centre Branch
34 King Edward Street
Hull
HU1 3SS

Registration number:

02209994

TITAN CEMENT UK LIMITED

STRATEGIC REPORT

Strategic report for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Business review

The company continued to carry out its operations of importing and distributing of cement throughout the year.

The UK economy grew by 1.8% during 2017. After declines about a decade back there was annual growth over the last year. The company succeeded to maintain the market position stable throughout the year.

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

The gross profit for the year amounted to £4,407,144 (2016: £3,496,055) and the total comprehensive income for the financial year amounted to £2,051,926 (2016: £1,075,187).

Business performance and future developments

During the year, as a result of competitive credit policies, the trade debtors compared to the sales improved, with the yearend balance amounting to £ 2,542,453 or 12.6% of sales, compared to £ 3,757,454 or 16.2% of sales in 2016.

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

Gross return on sales, ie - gross profit as a percentage of revenue

Net return on sales, ie - total comprehensive income as a percentage of revenue

Free cash flow, ie - net increase in cash less tax charge for the year

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

	2017 £	2016 £	Change %
Gross profit	4,407,144	3,496,055	26%
Gross return on sales	21.89%	15.10%	45%
Total comprehensive income for the financial year	2,051,926	1,075,187	91%
Net return on sales	10.2%	4.6%	122%
Free cash flow	990,131	(2,028,575)	-144%

Principal risks and uncertainties

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 significantly adverse changes in commercial terms could have a material impact on future performance. Therefore, the company performance can be influenced by the dynamics of its customer's end 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.

This report was approved by the Board on 31 May 2018 and signed on its behalf by:



C Gkikas
Director

TITAN CEMENT UK LIMITED

DIRECTORS' REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2017.

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 are considered satisfactory.

Principal risks and uncertainties

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

Going concern basis

The directors believe the company is expected to continue to generate positive cash flows for the foreseeable future. As a result the going concern basis of accounting has been adopted.

Results and Dividends

The Company's results for the year are set out on page 10. The profit for the financial year amounted to £2,051,926 (2016: £1,075,187). On 31 December 2017 the total assets of the Company were £6,310,740 (2016: £6,659,338) and the net assets of the Company were £5,366,093 (2016: £3,314,167).

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

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 2017 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 2017.

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

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

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 UK Limited, was in force throughout the last financial year and is currently in force.

TITAN CEMENT UK LIMITED

DIRECTORS' REPORT

Disclosure of information to the auditors

So far as each person who was a director 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.

Statement of Directors' responsibilities

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 the 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 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 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board of Directors,



Director

31 May 2018

Independent Auditors' Report

To the Members of Titan Cement UK Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Titan Cement UK Limited (the "Company"), which are presented in pages 10 to 22 and comprise the statement of financial position as at 31 December 2017, and the statements of Income statement, changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report (continued)

To the Members of Titan Cement UK Limited

Auditor's 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 auditor's 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Independent Auditors' Report (continued)

To the Members of Titan Cement UK Limited

Independent Auditors' Report (continued)

To the Members of Titan Cement UK Limited

Certified Public Accountant and Registered Auditor
for and on behalf of
PricewaterhouseCoopers LLP

31 May 2018

TITAN CEMENT UK LIMITED

INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover		20,132,382	23,146,774
Cost of sales		(15,725,238)	(19,650,719)
Gross profit		4,407,144	3,496,055
		(1,555,859)	(1,850,281)
Distribution costs		(291,620)	(301,602)
Administrative expenses	4	2,559,665	1,344,172
Operating profit			
	6	542	6,810
Finance income	6	(4,110)	(4,736)
Finance costs		2,556,097	1,346,246
Profit before taxation			
	7	(504,171)	(271,059)
Tax on profit		2,051,926	1,075,187
Profit for the financial year			
Other comprehensive income			
Total comprehensive income for the year		2,051,926	1,075,187

The notes on pages 13 to 22 form an integral part of these financial statements.

TITAN CEMENT UK LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 December 2017

	Note	2017 £	2016 £
ASSETS			
Fixed assets			
Tangible assets	8	74,664	128,685
Investments	9	<u>1</u>	<u>1</u>
		74,665	128,686
Current assets			
Inventories	10	2,081,867	2,163,618
Debtors	11	2,669,250	3,872,207
Cash at bank and in hand		1,484,958	494,827
		6,236,075	6,530,652
Total assets		6,310,740	6,659,338
EQUITY AND LIABILITIES			
Equity			
Called up share capital	12	2,200,000	2,200,000
Retained earnings		3,166,093	1,114,167
Total equity		5,366,093	3,314,167
Non-current liabilities			
Creditors: amounts falling due after more than one year	13	-	26,941
Deferred tax liabilities	14	21,827	21,827
		21,827	48,768
Current liabilities			
Creditors and accruals	15	922,820	3,296,403
		922,820	3,296,403
Total liabilities		944,647	3,345,171
Total equity and liabilities		6,310,740	6,659,338

On 31 May 2018 the Board of Directors of Titan Cement UK Limited authorised these financial statements for issue.


C. Gkikas
Director

The notes on pages 13 to 22 form an integral part of these financial statements.

TITAN CEMENT UK LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2016	2,200,000	4,438,980	6,638,980
Comprehensive income			
Profit for the financial year	-	1,075,187	1,075,187
Transactions with owners			
Dividend paid for the year	-	(4,400,000)	(4,400,000)
Total transactions with owners	-	(4,400,000)	(4,400,000)
Balance at 31 December 2016 and 1 January 2017	2,200,000	1,114,167	3,314,167
Comprehensive income			
Profit for the financial year	-	2,051,926	2,051,926
Balance at 31 December 2017	2,200,000	3,166,093	5,366,093

The notes on pages 13 to 22 form an integral part of these financial statements.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Incorporation and principal activities

Country of incorporation

The Company Titan Cement UK Limited (the "Company") was incorporated in United Kingdom on 6 January 1988 as a private limited liability company under the provisions of the UK Companies Law. 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. 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 directors believe the company is expected to continue to generate positive cash flows for the foreseeable future. As a result the going concern basis of accounting has been adopted.

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 to companies using FRS 101. The financial statements have been prepared under the historical cost convention.

The company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the company's parent and from where its consolidated financial statements prepared in accordance with 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 IAS 7 Statement of cash flows;
- The requirements of paragraph 17 of IAS 24 Related party disclosure (key management compensation);
- The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i)16 (statement of compliance with all IFRS),
 - (ii)111 (cash flow statement information), and
 - (iii)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;

Functional and presentation currency

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

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue recognition

Revenue comprises amounts receivable for goods and supplies invoiced in the United Kingdom net of VAT and other related taxes. Revenues earned by the Company are recognised on the following bases:

• Sale of products

Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Company has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

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 statement of comprehensive income 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 on the basis of the tax laws enacted or substantively enacted at the end of the reporting period 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, on temporary differences arising between the tax basis 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 the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period in the United Kingdom and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. Significant accounting policies (continued)

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

Computer equipment

Motor vehicles

5 - 15 years

4 years

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 are charged to the statement of comprehensive income during the period in which they are incurred.

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

Assets are tested for impairment wherever 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 costs to sell and value in use.

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

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The company leases certain plant, machinery and equipment. Lease of plant, machinery and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in creditors: amounts falling due within one year and creditors: amounts falling due after more than one year. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant, machinery and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Loans and receivables comprise trade receivables which are amounts due from customers for goods sold in the ordinary course of business (trade debtors) and amounts owed by group undertakings.

These balances are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest method amortisation is recognised in the statement of comprehensive income.

A provision for impairment of trade receivables and amounts owed by group undertakings is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable or amounts owed by group undertakings is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectable it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash at bank and in hand comprise deposits with banks and bank and cash balances. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

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 creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade creditors are classified as creditors falling due within one year if payment is due within one year or less. If not they are presented as creditors amounts falling due after more than one year.

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest 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.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, 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.

4. Operating profit

	2017 £	2016 £
Operating profit is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 8)	54,771	54,470
Staff costs (Note 5)	475,284	459,851
Auditors' remuneration	13,678	12,360
Operating lease rentals	1,105	3,337
Loss on Foreign exchange differences	991	32,666

5. Staff costs

	2017 £	2016 £
Wages and salaries	420,519	407,492
Social security costs	45,970	44,698
Other pensions cost	8,795	7,661
	475,284	459,851

	2017 Number	2016 Number
Average number of employees:		
Administration	3	3
Operational	6	6
	9	9

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 this company. Therefore no disclosure of directors' emoluments is presented.

There were no outstanding or prepaid pension contributions as at 31 December 2017 (2016: £nil). No directors (2016: None) are accruing benefits under the defined contribution scheme of the Company.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

6. Finance income/cost

	2017 £	2016 £
Finance income	542	6,810
Interest receivable on bank deposits	542	6,810
Finance costs		
Interest expense	4,110	4,736
Finance lease interest	4,110	4,736

Interest income is analysed as follows:

	2017 £	2016 £
Bank deposits	542	6,810
	542	6,810

7. Tax on profit

7.1 Tax recognised in profit or loss

	2017 £	2016 £
UK corporation tax on profits for the year	504,171	279,589
Deferred tax - Obligation and reversal of temporary differences	-	(8,530)
Charge for the year	504,171	271,059

The tax on the Company's profit before taxation differs (2016: differs) from theoretical amount that would arise using the applicable tax rates as follows:

	2017 £	2016 £
Profit before taxation	2,556,097	1,346,246
Tax calculated at the applicable tax rates 19.25% (2016:20.00%)	511,219	269,249
Expenses non deductible for tax purposes	(7,048)	1,811
Tax charge	504,171	271,060

Factors affecting current and future tax charges

As a result of a change in the UK corporation tax rate to 20%, which was substantively enacted on 2 July 2013 and was effective from 1 April 2015, the current tax rate decreased to 20% for the year ended 31 December 2016. Additional changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

8. Tangible assets

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
At 1 January 2016				
Cost	3,738,319	5,800	32,656	3,776,775
Accumulated depreciation	(3,579,048)	(1,160)	(18,864)	(3,599,072)
Net book amount	159,271	4,640	13,792	177,703
Year ended 31 December 2016				
Opening net book amount	159,271	4,640	13,792	177,703
Additions	-	-	5,452	5,452
Charge for the year	(47,708)	(1,160)	(5,602)	(54,470)
Closing net book amount	111,563	3,480	13,644	128,685
At 31 December 2016				
Cost	3,738,318	5,800	36,863	3,780,981
Accumulated depreciation	(3,626,757)	(2,320)	(23,219)	(3,652,296)
Net book amount	111,561	3,480	13,644	128,685
Year ended 31 December 2017				
Opening net book amount	111,561	3,480	13,644	128,685
Additions	-	-	750	750
Depreciation charge	(47,705)	(1,160)	(5,906)	(54,771)
Closing net book amount	63,856	2,320	8,488	74,664
At 31 December 2017				
Cost	3,738,318	5,800	37,613	3,781,731
Accumulated depreciation	(3,674,462)	(3,480)	(29,125)	(3,707,067)
Net book amount	63,856	2,320	8,488	74,664

Plant and machinery includes the following amounts where the Company is the lessee under a finance lease:

	2017 £	2016 £
Cost - capitalisation finance lease	199,520	199,520
Accumulated depreciation	(169,592)	(129,688)
Net book amount	29,928	69,832

The company leases plant and machinery under non cancellable finance lease agreements. The lease term is 5 years, and ownership of the asset lies within the company.

9. Investments

	2017 £	2016 £
Balance at 1 January	1	1
Balance at 31 December	1	1

Investments are recorded at cost which is the fair value of the consideration paid.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

10. Inventories

	2017	2016
	£	£
Finished products	1,974,147	739,059
Spare parts and other consumables	107,720	111,393
Goods in transit	-	1,313,166
	2,081,867	2,163,618

All stock is carried at cost, with £Nil (2016: £Nil) having a net realisable value lower than cost.

11. Debtors

	2017	2016
	£	£
Trade receivables	2,542,453	3,757,454
Receivables from associates	34,916	7,898
Deposits and prepayments	78,089	94,042
Other receivables	13,792	12,813
	2,669,250	3,872,207

No provisions for impaired debtors have been made in the current year (2016: £nil)

12. Called up share capital

	2017 Number of shares	2017 £	2016 Number of shares	2016 £
Authorised	2,200,000	2,200,000	2,200,000	2,200,000
Ordinary shares of £1 each				
		£		£
Issued and fully paid	2,200,000	2,200,000	2,200,000	2,200,000
Balance at 1 January				
Balance at 31 December	2,200,000	2,200,000	2,200,000	2,200,000

13. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Balance at 1 January	62,852	-
Additions	(35,909)	62,852
Balance at 31 December	26,943	62,852

	The present value of minimum lease payments			
	Minimum lease payments		Minimum lease payments	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	26,943	35,911	26,943	35,911
Later than 1 year and not later than 5 years	-	26,941	-	26,941
	26,943	62,852	26,943	62,852
Present value of finance lease liabilities	26,943	62,852	26,943	62,852

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

14. Deferred tax liabilities

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 7). The applicable corporation tax rate in the case of tax losses is 18%.

Deferred tax liability

	2017 £	2016 £
Balance at 1 January		
Credit in profit or loss	21,827	30,357
Balance at 31 December	-	(8,530)
	<u>21,827</u>	<u>21,827</u>

Deferred taxation liability arises as follows:

	2017 £	2016 £
Capital allowances in excess of depreciation	21,827	21,827
	<u>21,827</u>	<u>21,827</u>

15. Creditors and accruals

	2017 £	2016 £
Trade payables		
Taxation and social security	344,437	314,054
Finance lease	242,439	476,616
Accruals and deferred income	26,943	35,911
Defence tax on rent payable	55,208	176,849
Amounts owed to group undertakings	253,793	153,587
	-	2,139,386
	<u>922,820</u>	<u>3,296,403</u>

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

16. Parent undertakings and controlling party

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

The largest and smallest group in which the results of the company are consolidated is that headed by Titan Cement Company S.A. The consolidated financial statements of this group may be obtained from Titan Cement Company S.A., 22A Halkidos Street, Athens, 111 43 Greece.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

17. Pension commitments

The company participates in a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions for the year were £8,795 (2016: £7,661). There were no outstanding or prepaid contributions as at 31 December 2017 (2016: £nil).

Operating lease commitments

The Company as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Within one year	220,000	215,000
Between one and five years	930,000	910,000
After five years	2,010,000	2,250,000
	<u>3,160,000</u>	<u>3,375,000</u>