

TITAN CEMENT UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2018

Registration number: 02209994

TITAN CEMENT UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS for the year ended 31 December 2018

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TITAN CEMENT UK LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	C Gkikas G Krystallidis (resigned on 02/07/2018) P Paschopoulos
Company Secretary:	Rollits Company Secretaries Limited
Independent Auditors:	PricewaterhouseCoopers LLP Central Square 29 Weilington street Leeds LS1 4DL
Solicitors:	Rollits Wilberforce 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 UK LIMITED

STRATEGIC REPORT

Strategic report for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Business review

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

Brexit is still unknown however it is taken that the UK will not impose any import duties on goods coming in from the EU, the only variable is if the EU decides that any goods exported from their economic area has to have a duty applied.

The UK economy grew by 2.9% during 2018. 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. Future developments are looking to be in line with the 2018 levels of sales, and a similar outlook for 2020. Despite market growth, the Company's profit is down due to increase of cost of cement purchased.

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 £2,994,743 (2017: £4,407,144) and the total comprehensive income for the financial year amounted to £871,071 (2017: £2,051,926).

Business performance and future developments

During the year, as a result of competitive credit policies, the trade debtors compared to the sales deteriorated, with the year end balance amounting to £3,210,466 or 18.2% of sales, compared to £2,542,453 or 12.6% of sales in 2017.

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:

	2018 £	2017 £	Change %
Gross profit	2,994,743	4,407,144	-32%
Gross return on sales	17%	21.89%	22%
Total comprehensive income for the financial year	861,351	2,051,926	58%
Net return on sales	6%	10.2%	41%
Free cash flow	-729,794	990,131	-174%

STRATEGIC REPORT

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 6 June 2019 and signed on its behalf by:

C Gkikas
Director

DIRECTORS' REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2018.

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 9.

The net profit for the year attributable to the shareholders of the Company amounted to £861,351 (2017: £2,051,926). On 31 December 2018 the total assets of the Company were £7,638,701 (2017: £6,310,740) and the net assets of the Company were £3,427,444 (2017: £5,366,093).

Dividends

On 19/10/2018 the Board of Directors approved an interim dividend of £3,166,093(2017: £NIL).

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 2018 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 2018, except of G. Krystallides who resigned on 2 July 2018.

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.

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 disclosure of information to auditors

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

6 June 2019

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 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 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.

Independent auditors' report to the members of Titan Cement UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Titan Cement UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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, comprising 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, which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require

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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

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 received 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.

Lee Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
6 June 2019

TITAN CEMENT UK LIMITED

INCOME STATEMENT

for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue		17,615,077	20,132,382
Cost of sales		<u>(14,620,334)</u>	<u>(15,725,238)</u>
Gross profit		2,994,743	4,407,144
Distribution costs		(1,417,581)	(1,555,859)
Administrative expenses		<u>(532,619)</u>	<u>(291,620)</u>
Operating profit	4	1,044,543	2,559,665
Finance income	6	4,369	542
Finance costs	6	<u>(3,769)</u>	<u>(4,110)</u>
Profit before taxation		1,045,143	2,556,097
Tax on profit	7	<u>(183,792)</u>	<u>(504,171)</u>
Profit for the financial year		861,351	2,051,926
Other comprehensive income		-	-
Total comprehensive income for the year		<u>861,351</u>	<u>2,051,926</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

TITAN CEMENT UK LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 December 2018

	Note	2018 £	2017 £
ASSETS			
Non-current assets			
Tangible assets	8	238,092	74,664
Investments	9	<u>5</u>	<u>1</u>
		<u>238,097</u>	<u>74,665</u>
Current assets			
Inventories	10	3,304,349	2,081,867
Debtors	11	3,341,091	2,669,250
Cash at bank and in hand		<u>755,164</u>	<u>1,484,958</u>
		<u>7,400,604</u>	<u>6,236,075</u>
Total assets		<u><u>7,638,701</u></u>	<u><u>6,310,740</u></u>
EQUITY AND LIABILITIES			
Equity			
Called up share capital	12	2,200,000	2,200,000
Retained earnings		<u>1,227,444</u>	<u>3,166,093</u>
Total equity		<u>3,427,444</u>	<u>5,366,093</u>
Non-current liabilities			
Deferred tax liabilities	13	<u>21,827</u>	<u>21,827</u>
		<u>21,827</u>	<u>21,827</u>
Current liabilities			
Creditors and accruals	14	<u>4,189,430</u>	<u>922,820</u>
		<u>4,189,430</u>	<u>922,820</u>
Total liabilities		<u>4,211,257</u>	<u>944,647</u>
Total equity and liabilities		<u><u>7,638,701</u></u>	<u><u>6,310,740</u></u>

On 6 June 2019 the Board of Directors of Titan Cement UK Limited authorised these financial statements for issue.

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C Gkikas
Director

The notes on pages 12 to 24 form an integral part of these financial statements.

TITAN CEMENT UK LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2018

	Note	Share capital £	Retained earnings £	Total £
Balance at 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/ 1 January 2018		2,200,000	3,166,093	5,366,093
Comprehensive income				
Profit for the financial year		-	861,351	861,351
Transactions with owners				
Dividend paid for the year		-	(2,800,000)	(2,800,000)
Total transactions with owners		-	(2,800,000)	(2,800,000)
Balance at 31 December 2018		2,200,000	1,227,444	3,427,444

The notes on pages 12 to 24 form an integral part of these financial statements.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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 qualifying entity for the purposes of FRS 101. Note 15 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;

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018. The company has assessed the impact of new standard and estimated that there is no material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Significant accounting policies (continued)

Basis of preparation (continued)

IFRS 9

FRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Company applied the standard retrospectively without restatement of the comparative information for prior years, on 1 January 2018, except for hedge accounting. In 2017, the Company neither had applied hedge accounting, nor it chose application of hedge accounting on 1 January 2018 under the new standard. Therefore, it continues to apply its current accounting policy for hedge accounting, even though they examine the commencement of hedge accounting requirements under IFRS 9, whenever a new hedge relationship arises.

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company.

The company has no impact from the application of the new business models.

Functional and presentation currency

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

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 - policy applicable till 31/12/17

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.

Revenue - policy applicable from 01/01/18

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Significant accounting policies (continued)

Revenue- policy applicable from 01/01/18 (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 or services 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 or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the income statement in the period in which the circumstances that give rise to the revision become known by management.

Identification of performance obligations

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

- **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 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Significant accounting policies (continued)

Tax (continued)

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 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Significant accounting policies (continued)

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.

Financial assets and Trade receivables- policy applicable from 01/01/18

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through 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 or at FVOCI at 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, 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 fair value through other comprehensive income (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 fair value through other comprehensive income (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 recognized when the entity becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Significant accounting policies (continued)

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.

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

From 1 January 2018, 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 income statement 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.

Expected losses are recognized 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, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

2. Significant accounting policies (continued)

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.

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 (eg 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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

2. Significant accounting policies (continued)

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.

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.

Loans and receivables- policy applicable till 31/12/17

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.

Financial liabilities, Borrowings and Trade payables - policy applicable from 01/01/18

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

2. Significant accounting policies (continued)

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.

Borrowings and Trade payables - policy applicable till 31/12/17

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.

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.

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.

3. Critical accounting estimates and judgments

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Significant accounting policies (continued)
the financial statements.

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

4. Operating profit

	2018 £	2017 £
Operating profit is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 8)	59,711	54,771
Staff costs (Note 5)	490,954	475,284
Auditors' remuneration	12,000	13,678
Operating lease rentals	-	1,105
Loss on foreign exchange differences	1,547	991

5. Staff costs

	2018 £	2017 £
Salaries	435,195	420,519
Social security costs	46,305	45,970
Pensions cost	9,454	8,795
	490,954	475,284

	2018 No.	2017 No.
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 2018 (2017: £nil). No directors (2017: None) are accruing benefits under the defined contribution scheme of the Company.

6. Finance income/(costs)

	2018 £	2017 £
Interest receivable on bank deposits	4,364	542
Dividend income	5	-
Finance income	4,369	542
Finance lease interest	(3,769)	(4,110)
Finance costs	(3,769)	(4,110)
Net finance income/(cost)	600	(3,568)

Interest income is analysed as follows:

	2018 £	2017 £
Bank deposits	4,364	542
	4,364	542

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

7. Tax on profit

	2018 £	2017 £
UK corporation tax on profits for the year	<u>183,792</u>	<u>504,171</u>
Charge for the year	<u>183,792</u>	<u>504,171</u>

The tax on the Company's profit before taxation differs (2017: differs) from theoretical amount that would arise using the applicable tax rates as follows:

	2018 £	2017 £
Profit before taxation	<u>1,045,143</u>	<u>2,556,097</u>
Tax calculated at the applicable tax rates 19% (2017: 19.25%)	<u>198,577</u>	<u>511,219</u>
Tax effect of expenses not deductible for tax purposes	<u>14,879</u>	<u>(7,048)</u>
Tax effect of allowances and income not subject to tax	<u>(29,664)</u>	<u>-</u>
Tax charge	<u>183,792</u>	<u>504,171</u>

Factors affecting current and future tax charges

As part of the Finance Bill 2015 enacted on 26 October 2015 and Finance Bill 2016 enacted on 6 September 2016 the UK corporation tax rate was reduced from 20% 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.

8. Tangible assets

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost				
Balance at 1 January 2017	3,738,318	5,800	36,863	3,780,981
Additions	-	-	750	750
Balance at 31 December 2017/ 1 January 2018	3,738,318	5,800	37,613	3,781,731
Additions	214,406	-	8,733	223,139
Disposals	(199,521)	-	-	(199,521)
Balance at 31 December 2018	3,753,203	5,800	46,346	3,805,349
Accumulated depreciation				
Balance at 1 January 2017	3,626,757	2,320	23,219	3,652,296
Charge for the year	47,705	1,160	5,906	54,771
Balance at 31 December 2017/ 1 January 2018	3,674,462	3,480	29,125	3,707,067
Charge for the year	52,023	1,160	6,528	59,711
Disposals	(199,521)	-	-	(199,521)
Balance at 31 December 2018	3,526,964	4,640	35,653	3,567,257
Net book amount				
Balance at 31 December 2018	<u>226,239</u>	<u>1,160</u>	<u>10,693</u>	<u>238,092</u>
Balance at 31 December 2017	<u>63,856</u>	<u>2,320</u>	<u>8,488</u>	<u>74,664</u>

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

8. Tangible assets (continued)

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

	2018 £	2017 £
Cost- capitalisation finance lease	214,405	199,520
Accumulated depreciation	(14,294)	(169,592)
Net book amount	200,111	29,928

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

	2018 £	2017 £
Balance at 1 January	1	1
Additions	4	-
Balance at 31 December	5	1

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

Investments include investments in subsidiary- Titan Global Finance Plc. The Company on 21/11/2018 purchased additional 4 ordinary shares

10. Inventories

	2018 £	2017 £
Finished products	1,850,111	1,974,147
Spare parts and other consumables	126,138	107,720
Goods in transit	1,328,100	-
	3,304,349	2,081,86

All stock is carried at cost, with £Nil (2017: £Nil) having a net realisable value lower than cost.

11. Debtors

	2018 £	2017 £
Trade receivables	3,210,466	2,542,453
Receivables from associates	7,017	34,916
Prepayments	105,182	78,089
Other receivables	18,426	13,792
	3,341,091	2,669,25

No provisions for impaired debtors have been made in the current year (2017: £nil)

TITAN CEMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

12. Called up share capital

	2018 Number of shares	2018 £	2017 Number of shares	2017 £
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>

13. 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

	2018 £	2017 £
Balance at 1 January	<u>21,827</u>	<u>21,827</u>
Balance at 31 December	<u>21,827</u>	<u>21,827</u>

Deferred taxation liability arises as follows:

	2018 £	2017 £
Capital allowances in excess of depreciation	<u>21,827</u>	<u>21,827</u>
	<u>21,827</u>	<u>21,827</u>

14. Creditors and accruals

	2018 £	2017 £
Trade payables	359,519	344,437
Taxation and social security	336,411	242,439
Finance lease	129,967	26,943
Accruals and deferred income	140,508	55,208
Taxes payables	-	253,793
Amounts owed to group undertakings	<u>3,223,025</u>	<u>-</u>
	<u>4,189,430</u>	<u>922,820</u>

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

15. Parent company

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.

