

Registered number 07444124

CRH Romania Holdings UK Limited

Annual Report and Financial Statements

for the year ended 31 December 2019



CRH Romania Holdings UK Limited

Company information

Directors

AJW Donnan
KE Smart

Company Secretary

Tarmac Secretaries (UK) Limited

Registered number

07444124

Registered office

Portland House
Bickenhill Lane
Birmingham
B37 7BQ
United Kingdom

Auditor

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
Northern Ireland
BT2 7DT

CRH Romania Holdings UK Limited

Contents

Strategic report	1
Directors' report	5
Directors' responsibilities statement	7
Independent auditor's report	8
Profit and loss account	11
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

CRH Romania Holdings UK Limited

Strategic report

for the year ended 31 December 2019

Introduction

The Directors present their Strategic report for the year ended 31 December 2019.

Business review

The Company acts as a holding company and its principal activities consist of holding shares in subsidiaries. For the year ended 31 December 2019 the Company recorded profit after tax of £17,735k (2018: £16,028k). The net assets of the Company at 31 December 2019 were £256,654k (2018: £256,681k).

The Directors do not anticipate any major change in the nature of the Company's business in the foreseeable future.

Key performance indicators

The Company has identified the following as the key measure of performance:

	2019	2018
	£'000	£'000
Profit after tax	17,735	16,028

Principal risks and uncertainties

The principal risks are set out below.

The financial performance of the Company is affected by borrower credit quality and general conditions. Risks arising from changes in credit quality and the recoverability of loans and amounts due from other group companies are inherent in the Company's business.

Adverse changes in the credit quality of the Company's borrowers or general deterioration in economic conditions or arising from the systematic risks in the financial system could affect the recoverability and value of the Company's asset and require a provision for bad and doubtful debt and other provisions.

Changes in interest rates affect the Company's business.

Financial risk management objectives and policies

The Company uses financial instruments throughout its business: interest bearing loans and borrowing, cash and cash equivalents are used to finance the Company operations, intercompany receivables arise directly from operations.

The main risks attached to the Company's financial instruments are credit risk and liquidity risk. The Board reviews and agrees policies for the prudent management of each of these risks as documented below.

Credit risk

Creditor balances give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating and by regular review of this rating. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the financial assets as reported in the balance sheet.

Liquidity risk

The Company is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations. The Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows from other group companies or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

CRH Romania Holdings UK Limited

Strategic report (continued)

for the year ended 31 December 2019

To achieve this objective, the Company:

- maintains cash balances and liquid investments in highly rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under committed bank lines or other term financing; and has surplus committed lines of credit.

Withdrawal of the United Kingdom from the European Union

The effect of the withdrawal of the United Kingdom from the European Union has increased the volatility of the economies of the United Kingdom and the rest of Europe. It is expected that this uncertainty will have a limited impact on the Company and its activity as the Company is a finance company with transactions in fixed interest rate financial instruments.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. Since the year end, COVID-19 has since spread globally and on 11 March 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic. The spread of the COVID-19 outbreak has caused severe disruptions to the global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts have predicted that the outbreak is triggering a period of global economic slowdown or a global recession. The possible impact on the Company of this situation is set out in the "Events after the balance sheet date" section in the Directors' report.

Section 172 Report

The Companies (Miscellaneous Reporting) Regulations 2018 (the "**Regulations**") have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. Amongst other things, the Regulations require the Company to report how the Directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the "**Act**")) ("**Section 172**"), to promote the success of the Company, during the reporting period.

The Company is part of the CRH sub-group of companies in the UK and is ultimately owned by CRH plc (**CRH**). CRH and its subsidiaries are referred to as the **Group**. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of both the immediate entity and the wider Group. The Company's corporate purpose is to hold shares in its Romanian subsidiary companies, whose principal purpose is to manufacture and distribute cement in Romania, as part of the wider corporate structure of the Group. A key principle applied by our Directors is to always consider whether the decision they are about to take leads to a positive long-term increase in the value of the Company for the benefit of the shareholder, and ultimately CRH.

As part of the overall governance approach, the Group recognises the need to have appropriate levels of governance across its subsidiaries as part of its approach to risk mitigation. The Group maintains strong levels of governance at both an enterprise wide and legal entity level, and as a result of increased regulation, CRH and its UK subsidiary boards recognise the need to formalise and implement key standards across its UK subsidiaries. As such the Company intends to, during the course of 2020, adopt a UK subsidiary governance policy (the "**Policy**"), which provides detailed guidance for directors and management on the application and execution of Section 172 duties.

CRH Romania Holdings UK Limited

Strategic report (continued)

for the year ended 31 December 2019

Decision making and corporate governance process

The Company's board of directors (the "**Board**") have clear processes to follow when considering decisions, including principal decisions, which are strategically and commercially material decisions which impact the Company's key stakeholders. Responsibility for decision making on certain decisions, including principal decisions, is delegated to the board of CRH except where they cannot be delegated under the Act. The Board confirms and ratifies any decisions made on its behalf.

As part of the governance process, board paper preparers must ensure sufficient information is provided to the Board with high levels of quality and integrity. The governance process provides a framework to ensure everyone involved in and contributing to the decision making process understands the duties which the Directors are obligated to consider in the decision making process and applicable regulations, in order to be able to provide relevant information and therefore lead to effective decision making. These governance processes will be formalised in the Policy.

Directors' Training

The Group's Legal and Compliance programmes support the Group in operating sustainably and consistently with its values which includes leading with integrity and building enduring relationships. The Group's Legal and Compliance team provides advice, guidance and support to management and works closely with them to provide training to our employees. Legal and Compliance provides support on a range of matters, including establishing policies and procedures, providing compliance training, communications and legal advice on compliance and business issues.

Employees and directors of the Group, which include the Directors of the Company, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the Directors to be committed to operating the business to the highest ethical, moral and legal standards when making decisions and putting the Group's core ethical values of integrity, honesty and respect for the law into practice in their daily duties.

During the year external training sessions, facilitated by the Company Secretary, were provided to the Board to support them in discharging their roles and responsibilities as statutory directors. This included training on directors' statutory duties under the Act, along with an update on the Regulations and wider regulatory responsibilities. Under the Policy, all newly appointed directors will receive director training within 3 months of being appointed and all directors will refresh their training at least once every calendar year. The provision of training will be facilitated by the Company Secretary.

Board Composition

The Company's Board, which comprises two directors, collectively have a broad range of skills, knowledge and industry experience including general management, finance and legal to enable the Company to meet the needs of its business and for the Directors to each carry out their role and statutory duties to a high standard. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making and align the decisions to the corporate purpose of the Company in supporting the wider corporate structure as part of the Group.

Before any director is to be appointed to the Board, consultation with the Group is undertaken to ensure the composition of the Board is appropriate, taking into consideration the skills and experience of the appointee and the overall diversity mix.

CRH Romania Holdings UK Limited

Strategic report (continued)

for the year ended 31 December 2019

Stakeholder Engagement

The principal activity of the Company is to hold shares in its subsidiary companies as part of the wider corporate structure of Group. The Company's key stakeholders are its shareholder, creditors and other Group companies. As part of the Group, the Board must consider how the decisions made on behalf of the Company affect both the shareholder and the other Group companies to ensure the success of the Company and value creation for the shareholder and ultimately, CRH. The Group's treasury activities are coordinated through a central function who manage the financial risks of the Group and secure funding for the Group. On behalf of the Company, the Group frequently engages with its creditors and credit agencies as part of the Group's financial risk management processes and to ensure the Company's levels of borrowings are appropriate for its needs.

Where a principal decision is to be made, an impact assessment will be undertaken by the Board or on its behalf, the results of which will be documented for recommendation to the Board or CRH where the decision has been delegated. The impact assessment will provide an assessment of the impact of the principal decision on key stakeholders, how each key stakeholders' interest was considered throughout the assessment process, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks and consideration of any potential impacts on the Company's reputation and how that impact will be monitored. The Company maintains a stakeholder register, recording details of impact assessments and principal decisions made. On an annual basis, the Board will review and confirm the Company's key stakeholders, recording how the Directors formed the opinion that they are key stakeholders.

Principal Decisions

The Board and the board of CRH have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term.

In line with the Regulations and in accordance with the approach taken during the financial year under review, the following principal decisions were made during the year ended 31 December 2019:

- the Board made the decision to pay a dividend totalling £17.7m during the year. In making their decisions, the Board took into account the Company's strong capital position, the amount of its distributable reserves, as well as its cash position. Consideration was given to the Company's actual and contingent liabilities, and the ability of the Company to be able to pay its debts as they fell due. The Company understands the importance of delivering dividends to its shareholder. The Company is therefore committed to maintaining an appropriate balance between total cash returns to its shareholder, investment in the business, and maintaining a strong capital position.

This report was approved by the board on 1 July 2020 and signed on its behalf by:

DocuSigned by:

Andrew Donnan

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AJW Donnan
Director

CRH Romania Holdings UK Limited

Directors' report

for the year ended 31 December 2019

The Directors of CRH Romania Holdings UK Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2019. The Company is private and limited by shares, incorporated and domiciled in England and Wales and operating under the Companies Act 2006.

Results and dividends

The profit for the year after taxation amounted to £17,735k (2018: £16,028k). The Company paid a dividend of £17,762k, 7p per share, during the year (2018: £16,100k, 6p per share).

Directors

The Directors who served during the year and up to the date of approval of the financial statements are listed in the Company information section.

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

The Directors of the Company are covered by the CRH group Directors and Officers Liability insurance. The insurance provides indemnity in respect of claims made against the Directors and Officers and/or employees of CRH for any actual alleged error, misstatement, omission, wrongful act, breach of duty or misleading statement for which cover applies.

Future developments

The Directors do not anticipate any major change in the nature of the Company's business in the foreseeable future.

Financial instruments

The main risks associated with the Company's financial assets and liabilities are described in the Strategic report.

Events after the balance sheet date

Having considered the possible impact of the COVID-19 pandemic, the Board has taken into account the nature of the Company's activities which consist of the provision of finance to other CRH companies. The Directors have determined that based on recent trading of the CRH Group the pandemic is not expected to have a significant impact on the Company's business. The Directors will monitor the situation constantly and take any necessary actions to minimise the possible impacts of COVID-19. The CRH Group is in a strong financial position to navigate the economic impact of the current situation and will continue to provide guarantee over the liabilities of the Company. As a consequence, the Company does not envisage that a material change will be required to, a) any expected credit loss provisions on amounts due from other group undertakings based on recent trading updates and related recoverability or other provisions; b) any expected impairment provision on the carrying value of the current fixed assets investments.

CRH Romania Holdings UK Limited

Directors' report (continued) for the year ended 31 December 2019

Going concern

The Company's business activities, together with the principle risks and uncertainties likely to affect its future performance, are described in the Strategic report. (Investment Ltd doesn't need the first sentence)
The Company's forecast and projections, taking into account possible changes in performance, show the Company is reliant on adequate finance resources being made available to enable the Company to continue for the foreseeable future. The Company has been provided with a group guarantee from CRH plc for its borrowings.

After making enquiries, where updated forecasts reflecting the impact of COVID-19 are not yet available, the Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future with the Company borrowings guaranteed by CRH plc. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

As outlined above and in Note 13 to the financial statements, the Directors do not anticipate a material impact on the going concern status of the Company stemming from the COVID-19 pandemic.

Political donations

The Company made no donations to political parties during the year ended 31 December 2019 (2018: £nil).

Disclosure of information to 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 and of which the auditors are unaware. Having made enquiries of fellow directors and the Company auditors, each director have taken all the steps that they are 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.

Auditors

Following legislative changes requiring the mandatory rotation of audit firms, Ernst & Young LLP will resign as auditor of CRH plc, the Company's ultimate parent company, after the completion of the parent financial statements for the year ended 31 December 2019.

Ernst & Young LLP will also resign as auditor of the Company following the completion of the Company's financial statements for the year ended 31 December 2019 and will therefore cease to hold office. The Company intend to appoint Deloitte LLP as the Company's auditor in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 July 2020 and signed on its behalf.

DocuSigned by:

Andrew Donnan

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AJW Donnan
Director

CRH Romania Holdings UK Limited

Directors' responsibilities statement for the year ended 31 December 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 (United Kingdom Generally Accepted Accounting Practice and applicable law). Under Company law the Directors must not approve the financial statements unless 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 these financial statements, the Directors are required to:

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

The Directors are responsible for 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. They 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.

CRH Romania Holdings UK Limited

Independent auditor's report to the members of CRH Romania Holdings UK Limited

Opinion

We have audited the financial statements of CRH Romania Holdings UK Limited for the year ended 31 December 2019 which comprise of the Profit and Loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effects of Covid-19

We draw attention to Notes 2 and Note 13 in the financial statements, which describes the economic and social consequences the Company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

CRH Romania Holdings UK Limited

Independent auditor's report to the members of CRH Romania Holdings UK Limited (continued)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CRH Romania Holdings UK Limited

Independent auditor's report to the members of CRH Romania Holdings UK Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

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 (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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst & Young LLP

Neil Warnock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 1st July 2020

CRH Romania Holdings UK Limited**Profit and loss account****for the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Interest receivable		60	167
Administrative credit		-	28
Income from fixed asset investment		17,686	14,526
Profit on ordinary activities before taxation	4	17,746	14,721
Taxation on ordinary activities	6	(11)	1,307
Profit on ordinary activities after taxation		17,735	16,028

All amounts relate to continuing operations.

Statement of comprehensive income**for the year ended 31 December 2019**

There was no other comprehensive income during the years ended 31 December 2019 and 31 December 2018 other than the profit attributable to the members of the Company of £17,735k (2018: £16,028k).

CRH Romania Holdings UK Limited**Balance sheet**

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	7	256,645	256,645
		<u>256,645</u>	<u>256,645</u>
Current assets			
Cash		23	43
		<u>23</u>	<u>43</u>
Current liabilities			
Creditors: amounts falling due within one year	8	(14)	(7)
		<u>9</u>	<u>36</u>
Net current assets			
		<u>256,654</u>	<u>256,681</u>
Total assets less current liabilities			
		<u>256,654</u>	<u>256,681</u>
Net assets			
		<u>256,654</u>	<u>256,681</u>
Capital and reserves			
Called-up share capital	9	256,614	256,614
Profit and loss account	10	40	67
Shareholder's funds		<u>256,654</u>	<u>256,681</u>

The financial statements of CRH Romania Holdings UK Limited, registered number 07444124, were approved and authorised for issue by the board and were signed on 1 July 2020 on its behalf by:

DocuSigned by:

Andrew Donnan

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AJW Donnan
Director

The notes on pages 14 to 20 form part of these financial statements.

CRH Romania Holdings UK Limited

Statement of changes in equity for the year ended 31 December 2019

	Called-up share capital £'000	Profit and loss account £'000	Merger deficit £'000	Total £'000
At 1 January 2018	256,614	378	(239)	256,753
Profit for the year	-	16,028	-	16,028
Dividends paid	-	(16,100)	-	(16,100)
Merger deficit	-	(239)	239	-
At 1 January 2019	256,614	67	-	256,681
Profit for the year	-	17,735	-	17,735
Dividends paid	-	(17,762)	-	(17,762)
At 31 December 2019	256,614	40	-	256,654

CRH Romania Holdings UK Limited

Notes to the financial statements

for the year ended 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of CRH Romania Holdings UK Limited (the Company) for the year ended 31 December 2019 were authorised for issue by the board of directors on 1 July 2020 and the balance sheet was signed on the board's behalf by AJW Donnan. CRH Romania Holdings UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of CRH plc which prepares consolidated financial statements which are publically available and in which the results of the Company are consolidated.

The results of CRH Romania Holdings UK Limited are included in the consolidated financial statements of CRH plc which are available from the Company Secretary, 42 Fitzwilliam Square, Dublin, D02 R279, Ireland.

The principle accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation of financial statements and going concern

The accounting policies which follow set out those policies which apply in preparing the financial statements as at 31 December 2019.

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

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

In the current year, the following new standards became effective and required adoption by the Company:

- IFRS 16 - Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments

None of the above have resulted in any material changes in accounting policies and no adjustments were required to the amounts recognised in the Company's financial statements.

CRH Romania Holdings UK Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Accounting policies (continued)

The Company's forecast and projection shows the Company is reliant on adequate cash inflow from other group companies to ensure it meets its financial obligations when they fall due. As such, the Company is reliant upon group support, which has been confirmed by CRH plc for a period of at least 12 months from signing of the financial statements. Having made appropriate enquiries of the Board of Directors of CRH plc, the Directors have determined that based on recent trading and the financial facility available to the CRH plc, the CRH Group has adequate resources to continue in operational existence for the foreseeable future and to continue to provide such a guarantee over the liabilities of the Company. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

As outlined in Note 13, the Directors do not anticipate a material impact on the going concern status of the Company stemming from the COVID-19 pandemic.

Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement of IFRS 7 Financial Instruments;
- b) the requirements of paragraph 91 - 99 of IFRS 13 Fair Value Measurement;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraph 10 (d), 111 and 134 - 136 of IAS 1 Presentation of Financial Statements;
- e) the requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- g) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- h) the requirements of paragraphs 38A-40D of IAS1 Presentation of Financial Statements

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying values are reviewed for impairment whenever events or changes in circumstances indicate the carrying values may not be recoverable. Other investments are carried at cost less any impairment.

Financial assets

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

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

Financial liabilities

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

CRH Romania Holdings UK Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Accounting policies (continued)

Foreign currency translation

The Company's financial statements are presented in Sterling, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss statement in those expense categories consistent with the function of the impaired asset. For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Taxation – current and deferred

Current tax represents the expected tax payable (or recoverable) on the taxable profit for the year using tax rates enacted for the period. Any interest or penalties arising are included within current tax. Where items are accounted for outside of profit or loss, the related income tax is recognised either in other comprehensive income or directly in equity as appropriate.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date 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 and liabilities are not subject to discounting. Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised. The carrying amounts of deferred tax assets are subject to review at each balance sheet date and are reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

The determination of the Company's provision for income tax requires certain judgements and estimates in relation to matters where the ultimate tax outcome may not be certain. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. In addition, the Company is subject to tax audits which can involve complex issues that could require extended periods for resolution. Although management believes that the estimates included in the Financial Statements and its tax return positions are reasonable, no assurance can be given that the final outcome of these matters will not be different than that which is reflected in the Company's historical income tax provisions and accruals. Any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made.

CRH Romania Holdings UK Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

2. Accounting policies (continued)

Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividend income from fixed asset investments is recognised when the right to receive payment is established.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors believe that the following accounting policies are critical due to the degree of estimation required and/or the potential material impact they may have on the Company's financial position and performance.

Impairment of investment in subsidiaries

The Company's largest asset base is investments in subsidiaries. At each balance sheet date, the Directors review the carrying amounts of investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

4. Operating profit

The operating profit is stated after:

	2019	2018
	£'000	£'000
Dividends received from CRH Ciment (Romania) S.A.	<u>17,686</u>	<u>14,526</u>

Auditor remuneration in the current and prior year was borne by CRH (UK) Limited, a wholly owned company within the CRH plc group. The employee number during the year is nil (2018: nil).

5. Directors' remuneration

During the year, no Director received any emoluments from the Company (2018: £nil).

CRH Romania Holdings UK Limited
Notes to the financial statements (continued)
for the year ended 31 December 2019

6. Taxation on ordinary activities

The tax charge is made up as follows:

	2019 £'000	2018 £'000
Current tax:		
Current tax on profits for the year	11	3
Adjustment in respect of prior years	-	(1,310)
Total current tax per Profit and loss account	11	(1,307)

Factors affecting the current tax credit

The corporation tax is assessed at 19.00% (2018: 19.00%) of the taxable profits for the year. The tax charge for the year is reconciled to the Profit and loss account as follows:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	17,746	14,721
Tax on profit at standard UK tax rate of 19.00% (2018: 19.00%)	3,371	2,797
Effects of:		
Income not taxable	(3,360)	(2,794)
Adjustments in respect of prior years		(1,310)
Total tax charge/(credit) for the year	11	(1,307)

Factors that may affect future tax charges

On 26 October 2015, Finance No.2 Bill 2015 enacted reductions in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The latter reduction was subsequently reduced further from 18% to 17% upon enactment of the Finance Bill 2016 on 15 September 2016.

On 11 March 2020, the Chancellor of the Exchequer announced that legislation will be introduced in Finance Bill 2020 to amend the main rate of Corporation Tax for all non-ring fence profits to 19% for financial year 2020. The Corporation Tax charge and the main rate will also be set at 19% for all non-ring fence profits for financial year 2021.

7. Investments

Shares in unlisted group undertakings at cost:

	Investments in subsidiary companies £'000
At 31 December 2019	256,645
<i>At 31 December 2018</i>	<i>256,645</i>

CRH Romania Holdings UK Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

7. Investments (continued)

Subsidiary undertaking

The nature of each group company's business, country of incorporation and percentage ownership are as follows:

Company	Country of incorporation	Class of shares	Holding	Principal activity	Address
CRH Ciment (Romania) S.A.	Romania	Ordinary shares	98.619%	Suppliers of cement	Piata Charles de Gaulle nr.15 011857 Bucharest, Romania

8. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Group relief	14	7
	<u>14</u>	<u>7</u>

9. Called-up share capital

	2019 £'000	2018 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
256,613,640 Ordinary shares of £1 each	<u>256,614</u>	<u>256,614</u>

Called-up share capital represents the nominal value of shares that have been issued.

10. Retained earnings

The Profit and loss account includes all current and prior period retained profits and losses. Retained earnings represents cumulative profit and loss net of distributions to owners recognised in the profit and loss account.

The Merger deficit has been consolidated with the accumulated profits and losses. Details of all movements in reserves are shown in the Statement of Changes in Equity on page 13.

11. Related party transactions

Under Financial Reporting Standard 101, the Company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of CRH plc and its results are included in the consolidated financial statements of CRH plc.

12. Parent undertaking and controlling parties

In November 2019 as part of a restructuring project the Company was sold by Yalwen Limited to CRH (UK) Limited, another group entity, at its book value. The current immediate parent company is CRH (UK) Limited, a company incorporated in the United Kingdom. The ultimate parent company and controlling party is CRH plc, a company incorporated in the Republic of Ireland. CRH plc is the largest and smallest group in which the results of the Company are consolidated and its accounts are available from that company's registered office at 42 Fitzwilliam Square, Dublin D02 R279, Ireland.

CRH Romania Holdings UK Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

13. Events after the balance sheet date

Having considered the possible impact of the COVID-19 pandemic, the Board has taken into account the nature of the Company's activities which consist of the provision of finance to other CRH companies and being the holder of listed debt. The Directors have determined that based on recent trading of the CRH Group the pandemic is not expected to have a significant impact on the Company's business. The Directors will monitor the situation constantly and take any necessary actions to minimise the possible impacts of COVID-19. The CRH Group is in a strong financial position to navigate the economic impact of the current situation and will continue to provide guarantee over the liabilities of the Company. As a consequence, the Company does not envisage that a material change will be required to, a) any expected credit loss provisions on amounts due from other group undertakings based on recent trading updates and related recoverability or other provisions; b) any expected impairment provision on the carrying value of the current fixed assets investments.

14. Related undertakings

In accordance with Section 409 Companies Act 2006 and Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and Schedule 37 of The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015, the Company's related undertakings are shown below:

All companies listed below are owned indirectly by the Company unless otherwise indicated. All companies operate principally in their country of incorporation.

Subsidiary	Registered office address	Status	Country of Incorporation	% Holding
CRH Ciment (Romania) S.A.*	Piata Charles de Gaulle nr.15, floor 1&2, District 1, Bucharest, 011857, Romania	Active	Romania	98.619
CRH RMX & Agregate S.R.L.	Piata Charles de Gaulle nr.15, floor 2, room 6, District 1, Bucharest, 011857, Romania	Dormant	Romania	99.99
Recy-Eco Combustibil S.R.L.	Piata Charles de Gaulle nr.15, floor 2, room 7, District 1, Bucharest, 011857, Romania	Active	Romania	51

*Company directly owned by CRH Romania Holdings UK Limited.