

Registered number: 00210138

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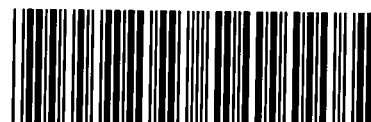
**ANCON LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**ANCON LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S Maxwell P McDermott A Bakker (resigned 29 August 2017) J Kehoe M Pekarun (appointed 29 August 2017)
<b>Company secretary</b>	J Welburn
<b>Registered number</b>	00210138
<b>Registered office</b>	9 President Way President Park Sheffield S4 7UR
<b>Independent auditors</b>	Ernst and Young LLP 24 Marina Court Castle Street Hull HU1 1TJ

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**ANCON LIMITED**

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## ANCON LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Introduction

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

#### Business review

The company's principal activities are the manufacture and sale of stainless steel fixings and products for structural concrete to the construction industry in the UK and worldwide. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company continues to invest in research and development. This has resulted in a number of new products and updates to existing products. The directors regard research and development investment as necessary for continuing success in the medium to long-term future.

As shown in the company's statement of comprehensive income on page 8, the company's sales for the year have increased by 5% over the prior year and profit before tax is 3% higher. The statement of financial position on page 9 of the financial statements shows that the company's financial position at the year-end has improved compared to the prior year, consistent with the continued strong performance.

#### Principal risks and uncertainties

Competitive pressure in the UK and worldwide is a continuing risk for the company, which could result in the loss of sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The company's financial risk management objectives and policies are operated by the Board. Treasury policies include defined controls on the use of financial instruments in measuring risk. The principal financial risks faced by the company relate to foreign exchange.

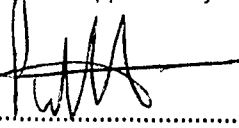
The company has no debt and therefore has no interest rate exposure.

Group risks are discussed in the group's annual report which does not form part of this report

#### Other key performance indicators

The CRH group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Europe Lightside division of CRH, which includes the company, is discussed in the group's annual report which does not form part of this report.

This report was approved by the board on 24 September 2018 and signed on its behalf.

  
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**P McDermott**  
Director

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**ANCON LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

**Results and dividends**

The profit for the year, after taxation, amounted to £16,143 thousand (2016 - £15,980 thousand).

The directors do not recommend a final dividend (2016 – £nil).

**Directors**

The directors who served during the year were:

S Maxwell  
P McDermott  
A Bakker (resigned 29 August 2017)  
J Kehoe  
M Pekarun (appointed 29 August 2017)

**Future developments**

The Company intends to continue operating in the manufacture and sale of stainless steel fixings, to consolidate its strong market position and to continue to increase profitability.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Going Concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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**ANCON LIMITED**

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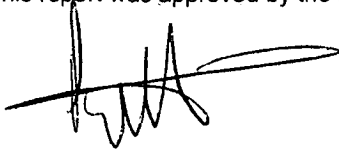
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Auditors**

The auditors, Ernst and Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'P McDermott', with a long horizontal stroke extending to the right.

P McDermott  
Director

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**ANCON LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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 to 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.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANCON LIMITED**

### **Opinion**

We have audited the financial statements of Ancon Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

### **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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANCON LIMITED (CONTINUED)**

### **Opinion 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 the 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 the 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

### **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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANCON LIMITED (CONTINUED)

### 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 Auditors' 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.

Handwritten signature of Peter Buckler in black ink, reading "Ernst & Young LLP".

Peter Buckler (Senior Statutory Auditor)  
for and on behalf of  
**Ernst and Young LLP, Statutory Auditor**  
Hull

25 September 2018

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ANCON LIMITED

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017	2016 £000
Turnover	3	63,286	60,038
Cost of sales		(30,698)	(28,160)
<b>Gross profit</b>		<b>32,588</b>	<b>31,878</b>
Distribution costs		(1,256)	(1,153)
Administrative expenses		(13,072)	(13,822)
Other operating income	4	520	513
Other operating charges		(893)	(2,694)
<b>Operating profit</b>	5	<b>17,887</b>	<b>14,722</b>
Income from fixed assets investments		1,621	4,375
Interest receivable and similar income	10	1	2
<b>Profit before tax</b>		<b>19,509</b>	<b>19,099</b>
Tax on profit	11	(3,366)	(3,119)
<b>Profit for the financial year</b>		<b>16,143</b>	<b>15,980</b>

There was no other comprehensive income for 2017 (2016: NIL).

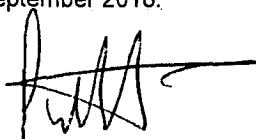
The notes on pages 11 to 31 form part of these financial statements.

**ANCON LIMITED**  
**REGISTERED NUMBER: 00210138**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible fixed assets	13	5,348	5,348
Tangible assets	14	3,507	3,041
Investments	15	4,339	4,339
		<u>13,194</u>	<u>12,728</u>
<b>Current assets</b>			
Stocks	16	5,001	4,115
Debtors: amounts falling due within one year	17	82,061	63,574
Cash at bank and in hand		5,603	13,782
		<u>92,665</u>	<u>81,471</u>
Creditors: amounts falling due within one year	18	(21,925)	(26,635)
<b>Net current assets</b>		<u>70,740</u>	<u>54,836</u>
<b>Total assets less current liabilities</b>		<u>83,934</u>	<u>67,564</u>
<b>Net assets</b>		<u><u>83,934</u></u>	<u><u>67,564</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	2,233	2,233
Profit and loss account		81,701	65,331
		<u>83,934</u>	<u>67,564</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2018.



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**P McDermott**  
 Director

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ANCON LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	2,233	65,331	67,564
<b>Comprehensive income for the year</b>			
Profit for the year	-	16,143	16,143
Share based payments transactions	-	227	227
<b>At 31 December 2017</b>	<b>2,233</b>	<b>81,701</b>	<b>83,934</b>

The notes on pages 11 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	2,233	49,213	51,446
<b>Comprehensive income for the year</b>			
Profit for the year	-	15,980	15,980
Share based payments transactions	-	138	138
<b>At 31 December 2016</b>	<b>2,233</b>	<b>65,331</b>	<b>67,564</b>

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**ANCON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies (see note 2).

The following principal accounting policies have been applied:

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**ANCON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Accounting policies (continued)**

**1.2 Financial reporting standard 101 - reduced disclosure exemptions**

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**1.3 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

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## ANCON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.4 Revenue recognition

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

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.5 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The impact of applying this override is a reduction of £535,000 in the amortisation expense per year, this assumes a ten year life which was the policy prior to the adoption of FRS101.



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## ANCON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.6 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- over 5 - 8 years
Fixtures and fittings	- over 5 - 25 years
Computer equipment	- over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 1.7 Development costs

Expenditure on research and development is written-off to the profit and loss account in the year in which it is incurred.

##### 1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a standard cost basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 1.10 Debtors

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.

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## ANCON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.11 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.

##### 1.12 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

###### Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

###### Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

###### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

###### Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

###### Fair value through profit or loss

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## ANCON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.12 Financial instruments (continued)

The Company comprises only out-of-the-money derivatives. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

##### At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

##### 1.13 Creditors

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.

##### 1.14 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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## ANCON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.15 Share based payments

###### Awards under the Performance Share Plan

50% of the awards granted in 2017 and 2016 under the 2014 Performance Share Plan are subject to a Total Shareholder Return ('TSR') (and hence market-based) vesting condition; with 25% being measured against a tailored sector peer group and 25% against the FTSE All-World Construction & Materials index. Accordingly, the fair value assigned to the related equity instruments at the grant date is derived using a Monte Carlo simulation technique to model the combination of market-based and non-market-based performance conditions in the Plan; and is adjusted to reflect the anticipated likelihood as at the grant date of achieving the vesting condition. Awards are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The remaining awards granted under the 2014 Performance Share Plan are subject to a cumulative cash flow target (non-market based) vesting condition. The fair value of the awards is calculated as the market price of the shares at the date of grant. No expense is recognised for awards that do not ultimately vest. At the balance sheet date the estimate of the level of vesting is reviewed and any adjustment necessary is recognised in the Profit and Loss Account.

The Company has taken advantage of the disclosure exemptions under FRS 101 in relation to the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangements concern the instruments of another group entity and the equivalent disclosures are included in the consolidated financial statements of CRH plc in which the Company is consolidated.

###### Share options

Fair value is determined on the basis that the services to be rendered by employees as consideration for granting of share options will be received over the vesting period, which is assessed at the grant date. The share options granted by the Parent Company (CRH plc) are at market value at the date of grant and are not subject to market based vesting conditions as defined by IFRS 2.

The cost is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised as at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Profit and Loss expense/credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cumulative charge to the Profit and Loss Account is reversed only where the performance condition is not met or where an employee in receipt of share options leaves service prior to completion of the expected vesting period and those options forfeit in consequence.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

###### Savings-related Share Option Schemes

The fair value assigned to options under the Savings-related Share Option Schemes are derived in accordance with the trinomial valuation methodology on the basis that the services to be rendered by

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.15 Share based payments (continued)

employees as consideration for the granting of share options will be received over the vesting period, which is assessed as at the grant date. The cost is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent's best estimate of the number of equity instruments that will ultimately vest. The Profit and Loss expense/ credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cumulative charge to the Profit and Loss account is reversed only where an employee in receipt of share options leaves service prior to completion of the expected vesting period and those options forfeit in consequence.

Where an award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. All cancellations of awards are treated equally.

##### 1.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

##### 1.17 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 1.18 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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1. Accounting policies (continued)

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

**Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 11.

**Provision for costs of uncertain timing and valuation**

Creditors include provisions for various costs of uncertain timing and valuation for which management judgement was required to estimate a valuation.

3. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Sales of products	63,286	60,038
	<u>63,286</u>	<u>60,038</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	49,530	47,193
Rest of Europe	8,342	7,614
Rest of the world	5,414	5,231
	<u>63,286</u>	<u>60,038</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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4. Other operating income

	2017 £000	2016 £000
Other operating income	439	425
Royalty receivable	77	78
Profit on disposal of tangible assets	4	10
	<u>520</u>	<u>513</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Research & development charged as an expense	312	53
Depreciation of tangible fixed assets (note 14)	823	885
Exchange differences	107	(295)
Defined contribution pension cost	397	382
Operating lease rentals - Buildings	682	690
Operating lease rentals - Others	215	218
	<u>2,536</u>	<u>1,933</u>

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017 £000	2016 £000
Fees for the audit of the Company	24	26
	<u>24</u>	<u>26</u>



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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7. Employees

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

	2017 £000	2016 £000
Wages and salaries	11,151	10,895
Social security costs	1,028	1,030
Cost of defined contribution scheme	397	382
	<u>12,576</u>	<u>12,307</u>

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

	2017 No.	2016 No.
Production	236	232
Sales and distribution	141	132
Administration	19	19
	<u>396</u>	<u>383</u>

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	515	487
Company contributions to defined contribution pension schemes	24	40
	<u>539</u>	<u>527</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £344 thousand (2016 - £319 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12 thousand (2016 - £30 thousand).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. Income from investments**

	2017 £000	2016 £000
Dividends received from unlisted investments	(1,621)	(4,375)
	<u>(1,621)</u>	<u>(4,375)</u>

**10. Interest receivable**

	2017 £000	2016 £000
Other interest receivable	1	2
	<u>1</u>	<u>2</u>

**11. Taxation**

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on profits for the year	3,379	3,275
Adjustments in respect of previous periods	(115)	(74)
	<u>3,264</u>	<u>3,201</u>
<b>Deferred tax</b>		
Current year	115	(293)
Adjustment in respect of previous periods	-	159
Changes to tax rates	(13)	52
<b>Total deferred tax</b>	<u>102</u>	<u>(82)</u>
<b>Taxation on profit on ordinary activities</b>	<u>3,366</u>	<u>3,119</u>

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**ANCON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2017 £000</b>	<b>2016 £000</b>
Profit on ordinary activities before tax	<b>19,509</b>	<b>19,099</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	<b>3,755</b>	<b>3,820</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>51</b>	<b>38</b>
Adjustments to tax charge in respect of prior periods	<b>(115)</b>	<b>84</b>
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	<b>(312)</b>	<b>(875)</b>
Tax rate changes	<b>(13)</b>	<b>52</b>
<b>Total tax charge for the year</b>	<b>3,366</b>	<b>3,119</b>

**Factors that may affect future tax charges**

Finance No.2 Bill 2015 enacted the rate of corporation tax to 19% with effect from 1 April 2017 resulting in a blended current tax rate for the year of 19.25%. On 15 September 2016, Finance Bill 2016 enacted a further rate reduction to 17% with effect from 1 April 2020.

**12. Deferred taxation**

	<b>2017 £000</b>	<b>2016 £000</b>
At beginning of year	<b>379</b>	<b>297</b>
Charged to the profit or loss	<b>(102)</b>	<b>82</b>
<b>At end of year</b>	<b>277</b>	<b>379</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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12. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	56	51
Short term timing differences	221	328
	<u>277</u>	<u>379</u>

13. Goodwill

	2017 £000
<b>Cost</b>	
At 1 January 2017	5,348
<b>Amortisation</b>	
Charge for the year	-
<b>At 31 December 2017</b>	<u>5,348</u>
<i>At 31 December 2016</i>	<u>5,348</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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14. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 January 2017	10,440	993	1,627	13,060
Additions	695	413	183	1,291
Disposals	(82)	-	-	(82)
At 31 December 2017	11,053	1,406	1,810	14,269
<b>Depreciation</b>				
At 1 January 2017	7,870	681	1,468	10,019
Charge for the year on owned assets	679	51	93	823
Disposals	(80)	-	-	(80)
At 31 December 2017	8,469	732	1,561	10,762
<b>Net book value</b>				
At 31 December 2017	2,584	674	249	3,507
At 31 December 2016	2,570	312	159	3,041

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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15. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2017	4,339
At 31 December 2017	<u>4,339</u>
<b>Net book value</b>	
At 31 December 2017	<u>4,339</u>
At 31 December 2016	<u>4,339</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Ancon (Schweiz) AG	Ordinary	100 %	Manufacture and sale of construction products
Ancon (Middle East) FZE	Ordinary	100 %	Sale of construction products
Helifix (Newco A) Ltd	Ordinary	100 %	Parent undertaking

<b>Name</b>	<b>Registered office</b>
Ancon (Schweiz) AG	Gewerbezone Widalmi 10, CH-3216 Ried Bei Kerzers, Switzerland
Ancon (Middle East) FZE	PO Box 17225, Jebel Ali, Dubai, UAE
Helifix (Newco A) Ltd	9 President Way, President Park, Sheffield, S4 7UR

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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16. Stocks

	2017 £000	2016 £000
Raw materials	2,475	1,851
Work in progress	247	282
Finished goods and goods for resale	2,279	1,982
	<u>5,001</u>	<u>4,115</u>

Stock recognised through the statement of comprehensive income via cost of sales totalled £22,849,000 (2016: £20,832,000).

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

17. Debtors: Amounts falling due within one year

	2017 £000	2016 £000
Trade debtors	10,484	10,550
Amounts owed by group undertakings	70,436	52,026
Other debtors	73	62
Prepayments and accrued income	791	529
Deferred taxation	277	379
Financial instruments	-	28
	<u>82,061</u>	<u>63,574</u>

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**ANCON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**18. Creditors: Amounts falling due within one year**

	2017 £000	2016 £000
Bank overdrafts	-	1,609
Trade creditors	5,057	4,939
Amounts owed to group undertakings	2,386	2,948
Corporation tax	6,539	7,793
Other taxation and social security	699	798
Other creditors	253	501
Accruals and deferred income	6,991	8,047
	<u>21,925</u>	<u>26,635</u>

**19. Financial instruments**

	2017 £000	2016 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	5,602	13,810
Financial assets that are debt instruments measured at amortised cost	80,993	62,639
Financial assets that are equity instruments measured at cost less impairment	-	-
	<u>86,595</u>	<u>76,449</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(14,526)</u>	<u>(17,632)</u>

Financial assets measured at fair value through profit or loss comprise bank and cash balances and in-the-money derivatives.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals, loans and overdrafts and amounts owed to group companies.



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**ANCON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**20. Share capital**

	2017 £000	2016 £000
<b>Allotted, called up and fully paid</b>		
8,933,430 Ordinary shares shares of £0.25 each	<u>2,233</u>	<u>2,233</u>

**21. Share-based payment expense**

Details in relation to the below schemes are set out in CRH plc's 2017 published financial statements.

	2017 £000	2016 £000
2014 Performance Share Plan expense	134	79
Share option and savings-related share option expense	93	59
<b>Total share-based payment expense</b>	<u>227</u>	<u>138</u>

**Share Option Scheme**

An expense of £nil was recognised in 2017 (2016: £8,805). The last awards under the 2010 Share Option Scheme were granted in 2013. All options granted have a life of ten years.

No share options were exercised during the year. The weighted average share price at the date of exercise of options exercised in 2016 was €26.88. There were no share options outstanding at 31 December 2017 or 2016.

**Savings-related Share Option Scheme**

The savings related expense of £93,290 (2016: £50,668) reported in the Profit and Loss account has been arrived at through applying the trinomial model, which is a lattice option-pricing model.

For savings-related share options exercised during the year, the weighted average share price at the date of exercise of these options was €32.08 (2016: €26.31).

	2017	2016
The weighted average remaining contractual life for the share options outstanding at 31 December (years)	1.88	2.36
Range of exercise prices (£)	12.22-24.51	11.55-16.16

**22. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £397,000 (2016 - £382,000). Contributions totalling £61,000 (2016 - £60,000) were payable to the fund at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**23. Commitments under operating leases**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
<b>Buildings</b>		
Not later than 1 year	702	702
Later than 1 year and not later than 5 years	2,308	2,736
Later than 5 years	-	274
	<u>3,010</u>	<u>3,712</u>
	2017 £000	2016 £000
<b>Other</b>		
Not later than 1 year	191	210
Later than 1 year and not later than 5 years	190	179
	<u>381</u>	<u>389</u>

**24. Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

There were no other related party transactions in the current year or the prior period.

**25. Controlling party**

The ultimate parent undertaking and controlling party is CRH PLC, a company incorporated in Ireland. Copies of CRH PLC group financial statements can be obtained from the registered office at Belgard Castle, Clondalkin, Dublin, 22 Ireland.