

Registered number
0245717

Aggregate Industries UK Limited

Directors' report and financial statements
for the year ended 31 December 2012

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Aggregate Industries UK Limited
Annual report and financial statements
for the year ended 31 December 2012

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Aggregate Industries UK Limited
Directors and advisors

Directors

A Bourguignon
J F Bowater
J Atherton-Ham
P Frenay
M Pearce

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

Registered office

Bardon Hall
Copt Oak Road
Markfield
Leicestershire
LE67 9PJ

Registered number

0245717

Aggregate Industries UK Limited
Directors' report
for the year ended 31 December 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2012

During the year the company transitioned from EU-adopted IFRS to FRS 101 and has taken advantage of the disclosure exemptions allowed under this standard

Principal activities

The principal activity of the company is the exploitation of land and mineral reserves principally for the supply of heavy building materials for construction activities

Business review and future developments

The company's Statement of Profit and Loss Account and Other Comprehensive Income and Balance Sheet appear on pages 8 and 9 respectively. The company's key financial and other performance indicators during the year were as follows

	2012	2011	Change
	£'000	£'000	%
Turnover	1,025,731	1,071,634	-4
Operating EBITDA*	40,448	84,455	-52
Net Assets	200,058	268,534	-25
LTIFR**	0.5	0.5	-

*Operating EBITDA represents operating profit before depreciation, impairment of investments, tangible fixed assets and exceptional restructuring costs

**LTIFR is the number of lost time incidents per 1 million hours worked

Factors affecting the Key Performance Indicators in 2012 are as follows

Turnover of £1,026m is down on 2011 which reflects the continued weakness of the UK construction markets and consequent demand for our core products. The full impact of the fall in turnover was partially offset by improved average selling prices.

Operating EBITDA of £40.4m was significantly lower than 2011 which was predominantly due to the market volume downturn. The operating EBITDA excludes the £13.5m of exceptional costs during the year to further reduce the workforce to align with expected market demand.

Net assets have decreased primarily due to post tax loss, dividends and the actuarial losses on the pension schemes.

The company's continued focus and investment in safety has resulted in another very strong LTIFR performance.

Outlook

It is anticipated that overall demand for our products will stabilise in 2013 with the construction sector output showing signs of recovery following a slow first quarter of 2013.

The directors continue to review the production capacity and support structure of the business and therefore additional cost saving measures were put in place for 2012, including a substantial reduction in the workforce. These and other pricing and cost efficiency measures are expected to improve EBITDA in 2013.

Despite the difficult economic environment, the Company has a strong financing base with ongoing finance provided by its ultimate parent undertaking as well as £188m of undrawn facilities at 31 December 2012 (see note 18).

Aggregate Industries UK Limited
Directors' report
for the year ended 31 December 2012

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as Economic risks, Competitive risks, Legislative risks, Weather Risks, Energy Costs and Financial Instrument Risks

Economic Risks

Demand for our products is closely linked to general economic conditions in the regions in which we operate. Depressed economic conditions could have a detrimental impact on demand for, and pricing of, our products which could result in reduced sales and profits.

Competitive Risks

Significant major contracts with various customers, including local authorities and national agencies are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

In addition, there exists the risk of competitors entering into the market or expanding existing market shares through price cutting and "loss leader" products.

Legislative Risks

Building materials and construction products are produced to locally and nationally imposed standards. Failure to comply with the standards could materially affect the company's ability to operate.

National and local government policies with regard to the development of infrastructure and housing have a significant effect on demand for our products. Reductions in government funding for construction projects could reduce spending on our products and potentially reduce our sales and profits.

Changes in government policy or legislation relating to planning and the environment could affect our operating costs and our ability to increase or replace our permitted reserves.

Weather Risks

Periods of inclement weather can reduce the demand for our products or our ability to produce our products and thereby could potentially reduce our sales and profits.

Energy Costs

Aggregate Industries UK Limited is a significant consumer of energy and hydro-carbon related products for use in production and distribution of its products. Increases in the costs of these materials can significantly impact the production costs of our products and if we are not able to recover such costs through the prices of our products this could reduce our profits.

Financial Instrument Risks

The company faces credit, liquidity and cash flow risks.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Aggregate Industries UK Limited
Directors' report
for the year ended 31 December 2012

Principal risks and uncertainties *(continued)*

Financial Instrument Risks *(continued)*

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The company does not expect any counterparties to fail to meet their obligations, given their high credit ratings. In addition, the company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the company. The company also manages liquidity risk via revolving credit facilities and long term debt with the support of its ultimate parent company.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on variable rate debt.

Research and development

The Company invests in activities for continued manufacturing and process improvements.

Results and dividends

The loss for the year, after taxation, amounted to £8.0 million (2011 profit of £21.7 million). The directors declared a final dividend of £31,000,000, £309 per share (2011: £nil).

Employment policies

The company has continued to keep employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. It will continue to ensure that employees are encouraged to participate in the effective running of the company.

The company continues to adopt a policy of non-discrimination in the employment of disabled persons. Their training and career development are consistent with the company's general policies and procedures relating to those activities. In addition, where an employee becomes disabled, every effort is made to ensure continuity of employment or to offer suitable employment with appropriate retraining if necessary.

Directors

The following directors held office during the year and subsequently:

A Bourguignon

J F Bowater

J Atherton-Ham

P Frenay

M A Eberlin (resigned 28 February 2013)

M Pearce (appointed 1 February 2013)

Charitable donations

During the year donations totalling £82,000 (2011: £85,000) were made in the UK for charitable purposes.

Payment to suppliers

The company's general policy is to adhere to the terms of payment agreed with its suppliers. At 31 December 2012 the company had an average of 89 days (2011: 105 days) purchases outstanding in trade creditors as calculated in accordance with the requirements of company law.

Aggregate Industries UK Limited
Directors' report
for the year ended 31 December 2012

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to all the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Statement of disclosure of information to auditors

In respect of each of those persons who was a director of the company at the date at which the directors' report was approved:

- a) So far as each director is aware, there is no relevant information of which the company's auditors are unaware, and
- b) Each director has taken all the steps they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and establish that the company's auditors are aware of that information.

Going Concern

The directors have considered the maturity date of the Company's liabilities, the ability of the Company to cover short term repayments and the five year forecast plan. The plan assumes that the existing committed facilities which mature in 2014, amounting to £125m, will be refinanced on similar terms and the uncommitted overdraft facilities amounting to £100m, will continue to be available to the group. As a result, the directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements. As detailed in note 18, the Company has substantial unutilised financing facilities.

Auditors

In accordance with section 487 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the company.

Aggregate Industries UK Limited
Directors' report
for the year ended 31 December 2012 (continued)

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

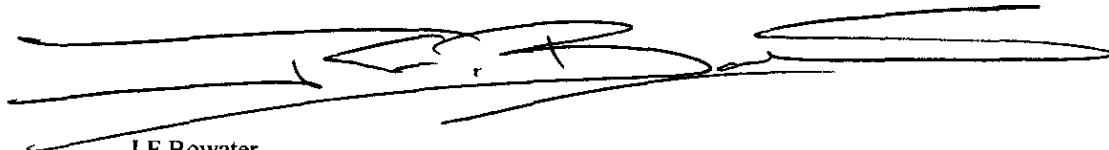
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 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.

This report was approved by order of the board

A large, stylized handwritten signature in black ink, appearing to read 'J F Bowater', is written over a horizontal line.

J F Bowater
On behalf of Aggregate Industries UK Limited
Director

20 August 2013

**Independent auditors' report
to the members of Aggregate Industries UK Limited**

We have audited the financial statements of Aggregate Industries UK Limited for the year ended 31 December 2012 which comprise the Statement of Profit and Loss and Other Comprehensive Income Balance Sheet the Statement of Changes in Equity and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Ernst & Young LLP

Christopher Voogd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
23 August 2013

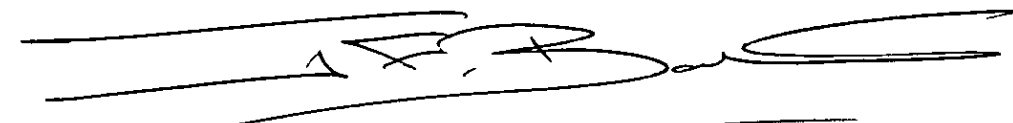
Aggregate Industries UK Limited
Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Continuing operations			
Sale of goods		1,024,348	1,070,181
Rental income		1,383	1,453
Turnover	3	<u>1,025,731</u>	<u>1,071,634</u>
Cost of sales		(697,413)	(695,876)
Gross profit		<u>328,318</u>	<u>375,758</u>
Other operating (expenses)/income	4	(1,172)	4,569
Selling and distribution costs		(251,928)	(266,488)
Administrative expenses		(92,256)	(91,840)
Exceptional restructuring costs	4	(13,455)	-
Impairment of tangible fixed assets	9	(6,615)	-
Impairment of carrying value of investments	12	(2,331)	(7,467)
Operating (loss)/profit	4	<u>(39,439)</u>	<u>14,532</u>
Interest payable and similar charges	6	(15,127)	(14,745)
Interest receivable and similar income	7	17,187	8,344
(Loss)/profit on ordinary activities before taxation		<u>(37,379)</u>	<u>8,131</u>
Tax credit for the year	8	29,394	13,540
(Loss)/profit for the year		<u>(7,985)</u>	<u>21,671</u>
Other comprehensive income			
Actuarial losses	24	(37,037)	(35,899)
Deferred tax liability movement on defined benefit plans	20a	7,546	8,614
Other comprehensive expense for the year		<u>(29,491)</u>	<u>(27,285)</u>
Total comprehensive expense for the year		<u>(37,476)</u>	<u>(5,614)</u>

Aggregate Industries UK Limited
Company Registration No 0245717
Balance Sheet
as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible fixed assets	9	888,042	910,117
Investment properties	10	182	182
Intangible assets	11	40,930	40,930
Investments	12	475,223	477,492
		<u>1,404,377</u>	<u>1,428,721</u>
Current assets			
Stocks	13	74,473	87,017
Debtors (including £70,283k (2011 £93,272k) due after more than one year)	14	250,608	286,245
Cash and cash equivalents	15	24,533	1,804
		<u>349,614</u>	<u>375,066</u>
Total assets		<u>1,753,991</u>	<u>1,803,787</u>
Creditors amounts falling due within one year	16	351,084	311,243
Provisions for liabilities	20b	11,172	3,000
		<u>362,256</u>	<u>314,243</u>
Net current (liabilities)/assets		<u>(12,642)</u>	<u>60,823</u>
Total assets less current liabilities		<u>1,391,735</u>	<u>1,489,544</u>
Creditors amounts falling due after more than one year	17	946,557	979,516
Provisions for liabilities			
Deferred tax liability	20a	104,000	139,535
Other liabilities	20b	54,993	50,380
Pension deficit	24	86,127	51,579
		<u>245,120</u>	<u>241,494</u>
Net assets		<u>200,058</u>	<u>268,534</u>
Capital and reserves			
Called up share capital	21	100	100
Share premium	22	32,791	32,791
Profit and loss account	22	166,352	234,377
Other share reserve	27	815	1,266
		<u>200,058</u>	<u>268,534</u>
Shareholders' funds		<u>200,058</u>	<u>268,534</u>

The financial statements were approved by the board on 2 August 2013 and were signed on its behalf by


J.F. Bowater
Director

Aggregate Industries UK Limited
Statement of Changes in Equity
for the year ended 31 December 2012

	Attributable to the equity shareholders				Total
	Called up Share capital	Share premium	Profit & loss account	Other share Reserve	
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2011	100	32,791	239,991	936	273,818
Profit for the period	-	-	21,671	-	21,671
Other comprehensive expense	-	-	(27,285)	-	(27,285)
Total comprehensive expense	-	-	(5,614)	-	(5,614)
Share based payment transaction	-	-	-	330	330
As at 31 December 2011	100	32,791	234,377	1,266	268,534
Loss for the period	-	-	(7,985)	-	(7,985)
Other comprehensive expense	-	-	(29,491)	-	(29,491)
Total comprehensive expense	-	-	(37,476)	-	(37,476)
Dividends	-	-	(31,000)	-	(31,000)
Share based payment transaction	-	-	451	(451)	-
As at 31 December 2012	100	32,791	166,352	815	200,058

1 Corporate information

The financial statements of the Company for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 20 August 2013. The company is a private limited company incorporated and domiciled in England & Wales.

2 Basis of preparation

In accordance with section 401 of the Companies Act 2006 consolidated accounts have not been prepared as the company is itself included in the consolidated accounts of Holcim Ltd incorporated in Switzerland. Accordingly these accounts present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair view override in respect of the non amortisation of goodwill because the directors deem the goodwill to have an indefinite useful economic life.

The Company has early adopted the transition from EU adopted IFRS to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2012. The Company's ultimate parent undertaking, Holcim Ltd was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

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

- (a) the requirements of IFRS 7 Financial Instruments Disclosures
- (b) the requirements of IAS 7 Statement of Cash Flows,
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of property, plant and equipment, intangible assets and investment properties
- (d) the requirements of IAS 24 Related Party Disclosure 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.

Going Concern

The directors have considered the maturity date of the Company's liabilities, the ability of the Company to cover short term repayments and the five year forecast plan. The plan assumes that the existing committed facilities which mature in 2014 amounting to £125m, will be refinanced on similar terms and the uncommitted overdraft facilities amounting to £100m, will continue to be available to the group. As a result, the directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements. As detailed in note 18, the Company has substantial unutilised financing facilities.

2.2 Summary of significant accounting policies

a Investments

Investments are stated at cost less provision for impairment which is assessed annually.

b Foreign currency translation

Transactions in foreign currencies are initially recorded by the Company at prevailing currency rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of profit and loss.

Non monetary items that are measured in terms of historical cost in a foreign currency are transacted using the exchange rates as at the dates of the initial transactions.

c Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Dividends

Dividends are recognised when the Company's right to receive the payment is established.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight line basis over the lease terms.

Contracting

Where the outcome of a construction contract can be estimated reliably, turnover and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, measured as the physical proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as allowance for foreseeable loss.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds billings to contract customers, the balance is shown as unbilled services. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as advance payments from customers.

d Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of profit & loss.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.1 Summary of significant accounting policies (continued)

e Pensions and other post employment benefits

The company operates defined contribution pension plans and defined benefit pension plans for some of its employees

Under defined contribution pension plans, the company pays fixed contributions on a current basis into a separate (third party) recognised pension fund and will have no obligation to pay further contributions. Such fixed contributions are recognised in the statement of profit & loss in the period in which they become payable.

Under defined benefit pension plans, the company is obliged to pay certain benefits upon retirement. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on a straight line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognised when the curtailment or settlement occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the statement of profit & loss within administrative expenses.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) less past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company nor can they be paid directly to the Company. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

f Financial instruments - initial recognition and subsequent measurement

i Financial assets

Initial recognition and measurement

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, loans and debtors held-to-maturity investments or as available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and where allowed and appropriate re-evaluates this designation at each financial year-end.

When financial assets are recognised initially they are measured at fair value being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short term deposits and trade and other debtors.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and financial assets

Loans and debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit & loss. The losses arising from impairment are recognised in the statement of profit & loss.

Derecognition

A financial asset (or where applicable a part of a financial asset) is derecognised when:

- The rights to receive cash flows from the assets have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but had transferred control of the asset, or
- The Company has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade debtors a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the debtor is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

ii Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, less directly attributable costs.

The Company's financial liabilities include, trade and other creditors, other creditors and accruals, loans and borrowings and bank overdrafts.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit & loss when the liabilities are derecognised as well as through effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discounts or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

2.2 Summary of significant accounting policies (continued)

g Tangible fixed assets

Tangible fixed assets are stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of tangible fixed assets are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major refurbishment is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost of tangible fixed assets less their estimated residual values is written off by equal annual instalments over their expected useful lives as follows:

Short leasehold land and buildings	over the life of the lease
Freehold buildings	20 - 25 years
Plant, equipment and vehicles	3 - 20 years
Freehold land	nil

h Mineral reserves

Mineral reserves are valued at cost, net of accumulated depreciation. Depreciation is charged over their estimated remaining lives on the basis of tonnage extracted.

i Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit & loss on a straight line basis over the lease term.

Lessor policy

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised in debtors.

j Goodwill

Goodwill is not amortised but tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

k Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

l Stock

Stock is valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw Materials - purchase cost on a first in, first out basis.

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m Debtors

Trade debtors, which generally have 30 day terms following the month of invoice, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, debtors are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

n Provisions

General provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restoration costs

Restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

o Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

p Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future income from the related project.

2.2 Summary of significant accounting policies (continued)

q Share based payment transactions

Certain employees receive remuneration in the form of share-based payment transactions whereby employees render services as consideration for equity instruments (equity settled transactions) issued by the ultimate parent undertaking

The cost of equity settled transactions is recognised together with a corresponding increase in other capital reserves in equity over the period in which the performance conditions are fulfilled (annually to recognise the annual performance targets)

r Common control entities

The pooling of interests method is used to account for the assets and liabilities acquired from common control entities. Under this method the results of the acquired entities are recorded from the date of acquisition and the comparative period is not restated

2.3 Significant accounting judgements, estimates and assumptions

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

In the process of applying the Company's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance or the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount are further explained in note 11

Pension benefits

The cost of defined benefit pension plans and other post employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions are given in note 24

Provision for restoration

Restoration costs are provided at the present value of expected costs to settle the obligations using estimated cash flows. The estimated future costs of restoration and the discount rate are reviewed annually. Further details are given in note 20b

3 Turnover

Turnover comprises the invoice value of goods and services supplied by the company, exclusive of VAT. Turnover includes contracting turnover of £252.1m in 2012 (2011: £296.7m)

4 Operating (loss)/profit is stated after charging/(crediting)

	2012 £'000	2011 £'000
<i>Included within cost of sales</i>		
Cost of stocks recognised as an expense	328,680	305,957
<i>Depreciation of tangible fixed assets</i>		
Owned	57,179	60,875
Leased	383	1,581
Impairment of tangible fixed assets	6,615	-
Research and development expenditure	861	772
<i>Included within administrative expenses</i>		
Auditors' remuneration - audit services	449	409
<i>Rentals payable under operating leases</i>		
Plant and machinery	26,871	31,408
Land and buildings	18,217	16,705
Exchange losses	106	1,274
<i>Included within other operating income</i>		
Profit on disposal of investment property		(27)
Loss/(profit) on disposal of fixed assets	1,437	(4,522)

During the year the company incurred the following exceptional items as part of a restructuring programme

	2012 £'000	2011 £'000
<i>Exceptional restructuring</i>		
Restructuring	13,455	-

Restructuring costs of £13.5m include £7.4m charged against cost of sales, £0.2m charged against selling and distribution and £5.9m charged against administrative expenses

5 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year was as follows

2012 Number	2011 Number
3,979	4,380

The aggregate payroll costs of these persons were as follows

	2012 £'000	2011 £'000
Wages and salaries	154,923	150,586
Social security costs	13,053	14,139
Other pension costs	12,665	12,165
	180,641	176,890

The aggregate emoluments of the directors of the company were

	2012 £'000	2011 £'000
Directors' emoluments	3,265	3,153
Company contributions to money purchase pension schemes	164	164
	3,429	3,317
Compensation for loss of office	-	1,060

One director was a member of a defined benefit pension scheme (2011 One)

One director was a member of a money purchase pension scheme (2011 One)

The emoluments of the highest paid director were £1,337,000 (2011 £1,291,000). Contributions paid to money purchase or defined benefit pension schemes in respect of the highest paid director were £92,777 (2011 £94,000).

The Company regards the statutory directors as being the key management personnel of the business

6 Interest payable and similar charges

	2012 £'000	2011 £'000
Group interest payable	9,478	9,903
Bank loan and overdraft	2,995	2,420
Unwinding of discount	1,755	1,541
Finance charges payable on finance leases and hire purchase contracts	35	58
Other interest payable	864	823
	15,127	14,745

7 Interest receivable and similar income

	2012 £'000	2011 £'000
Other interest receivable	94	157
Inter group interest receivable	648	151
Dividends received	16,445	8,036
	17,187	8,344

8 Taxation	2012 £'000	2011 £'000
UK corporation tax		
Current tax	(1,750)	2,810
Adjustments in respect of prior years	345	(918)
	(1,405)	1,892
Deferred tax note		
Origination and reversal of timing differences	(10,501)	(2,735)
Adjustments in respect of prior years	(6,535)	(500)
Impact of deferred tax rate change	(10,953)	(12,177)
	(27,989)	(15,412)
Tax credit on profit on ordinary activities recorded in the statement of profit and loss	(29,394)	(13,540)
Deferred tax on actuarial losses	(8,518)	(8,614)
Impact of change in tax rate	972	-
Deferred tax credit included in Other Comprehensive Income	(7,546)	(8,614)

Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2011: lower) than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

Total tax reconciliation	2012 £'000	2011 £'000
(Loss)/profit on ordinary activities before tax	(37,379)	8,131
Current tax at 24.5% (2011: 26.5%)	(9,158)	2,155
Effects of:		
Expenses not allowable for tax purposes	1,787	2,609
Income not included for tax purposes	(4,029)	(3,300)
Impact of deferred tax rate change	(10,953)	(12,177)
Adjustments in respect of prior periods	(6,190)	(1,438)
Tax effect of disposal of capital assets	(851)	(1,389)
Total tax credit	(29,394)	(13,540)

The standard rate of UK Corporation tax was 26% at the start of the year. On 21 March 2012 the UK Chancellor announced a reduction in the tax rate to 24% effective from 1 April 2012 and further reductions of 1% each year to a final rate of 22% in 2014. On 5 December 2012 the UK Chancellor announced a further reduction in the tax rate to 21% effective from 1 April 2014. On 20 March 2013 the UK Chancellor announced a further reduction in the tax rate to 20% effective from 1 April 2015.

Accordingly, at the balance sheet date a rate of 23% was substantively enacted. The expected changes in the tax rate will have the effect of reducing the deferred tax liability by £13,565,000.

9 Tangible fixed assets	Mineral reserves	Land and buildings	Plant, equipment and vehicles	Total
	£ 000	£ 000	£ 000	£ 000
Cost				
At 1 January 2012	401,056	186,658	458,187	1,045,901
Additions	8,917	8,169	30,211	47,297
Disposals	(1,644)	(9,021)	(12,528)	(23,193)
At 31 December 2012	408,329	185,806	475,870	1,070,005
Depreciation				
At 1 January 2012	135,655	93,911	308,418	537,984
Charge for the year	21,579	9,032	26,951	57,562
Impairment of tangible fixed assets		4,949	1,666	6,615
Disposals	(2,039)	(6,235)	(11,682)	(19,956)
At 31 December 2012	155,195	101,657	325,353	582,205
Net book value				
At 31 December 2012	253,134	84,149	150,517	487,801
At 31 December 2011	267,401	92,747	149,969	500,117

During the year £6.5m of assets were impaired with respect to mothballed units that are no longer expected to reopen in the future.

Included in land and buildings and plant, equipment and vehicles are assets held under finance lease agreements with a net book value of £140k (2011: £5.2 million).

Commitments for capital expenditure are as follows:

	2012	2011
	£'000	£'000
Contracted for but not provided	13,588	2,994
	13,588	2,994

10 Investment properties	Land and buildings
	£ 000
Cost and net book value	
At 1 January 2011	182
At 31 December 2012	182

11 Intangible assets	Intangibles	Goodwill	Total
	£ 000	£ 000	£ 000
Cost			
At 1 January 2012 and 31 December 2012	261	61,334	61,595
Amortisation			
At 1 January 2012 and 31 December 2012	261	20,404	20,665
Net book value			
At 31 December 2012		40,930	40,930
At 31 December 2011		40,930	40,930

Intangibles represent the cost of intellectual property rights.

In the opinion of the directors the carrying value of the remaining goodwill is not more than the recoverable amount hence there is no impairment recognised. The Company allocates goodwill across several Cash Generating Units (CGUs). The CGUs are established at a regional business level and are determined by how business resources are managed and how cash flows are monitored. The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The discount rate applied to the pre-tax cash flow projections is the Company's pre-tax cost of capital of 8.04% and cash flows beyond the five year period are extrapolated using a 2.5% growth rate which approximates to long term UK economic growth. Other key assumptions in the forecasts are internal pricing decisions and market volume projections sourced from published data from the Mineral Products Association. There is no reasonably possible change in any of the key assumptions that would cause the carrying value of the goodwill to exceed recoverable amount.

12 Investments	Subsidiary undertakings	Joint ventures & associates	Other	Total
	£000	£000	£000	£000
Cost				
At 1 January 2012	557,218	20,881	153	578,252
Additions	2			2
Other		60		60
At 31 December 2012	557,220	20,941	153	578,314
Provision for impairment				
At 1 January 2012	100,269	318	153	100,740
Impairment in the year	1,757	574		2,331
At 31 December 2012	102,026	892	153	103,071
Net book value				
At 31 December 2012	455,194	20,049		475,243
At 31 December 2011	456,949	20,563		477,512

The addition in the year relates to the incorporation of Yeoman Latvia, a company incorporated in Latvia.

Following a review of the carrying value of investments, a charge of £2.3m (2011: £7.5m) was made to write down the carrying values to their net asset values or values in use.

In assessing the investments for impairment, the directors have reviewed the Company's assets and the five year forecast as described in note 11 and are satisfied that there is no further impairment. With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the investment to exceed recoverable amount.

Principal operating subsidiary undertakings which are all wholly owned, are listed below:

	Country of incorporation	Nature of business
London Concrete Limited	Great Britain	Ready mixed concrete
Havvik Aggregates AS	Norway	Quarrying

Joint ventures

The principal joint ventures, which are all incorporated in Great Britain unless stated, are listed below:

	Proportion of voting rights and shares held	Nature of business
Tendley Quarries Limited	50%	Quarrying and asphalt
Mendip Rail Limited	50%	Haulage
Sewells Reservoir Construction Limited	50%	Reservoir construction, sand and gravel extraction
Dansk Natursten A/S (incorporated in Denmark)	50%	Merchandising crushed stone
Charron Limited (indirectly owned)	50%	Structural
Simple Paving Limited	50%	Concrete Products

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

13 Stocks	2012 £'000	2011 £'000
Raw materials	15,322	18,861
Unbilled services	2,755	4,938
Finished goods	56,396	6,218
	<u>74,473</u>	<u>87,017</u>

14 Debtors	2012 £'000	2011 £'000
Trade debtors	139,242	142,002
Amounts owed by group undertakings	8,535	16,544
Amounts owed by fellow subsidiaries	925	3,075
Amounts owed by joint ventures and associates	11,950	11,435
Amounts owed by parent undertaking	690	397
Other debtors	6,288	7,139
Prepayments and accrued income	<u>12,695</u>	<u>12,381</u>
Total current	<u>180,325</u>	<u>192,973</u>
Trade debtors	3,746	6,507
Amounts due from group undertakings	18,956	12,872
Amounts due from fellow subsidiaries	36,571	72,527
Amounts due from joint ventures and associates	2,559	1,366
Amounts due from parent undertaking	<u>8,451</u>	<u>-</u>
Total non-current	<u>70,283</u>	<u>93,272</u>
	<u>250,608</u>	<u>286,245</u>

Trade debtors include contracting retentions of £8,592,000 at 31 December 2012 (2011: £9,701,000)

15 Cash and cash equivalents	2012 £'000	2011 £'000
Cash at bank and on hand	<u>24,533</u>	<u>1,804</u>
	<u>24,533</u>	<u>1,804</u>

16 Creditors	2012 £'000	2011 £'000
Bank loans and overdrafts	2,021	1,615
Obligations under finance leases and hire purchase contracts	45	684
Trade creditors	168,609	186,844
Amounts due to parent undertakings	32,443	3,849
Amounts due to group undertakings	3,694	6,777
Amounts due to fellow subsidiaries	23,841	13,937
Amounts due to joint ventures and associates	5,214	6,507
Other taxes and social security	39,163	25,329
Income taxes	8,248	7,347
Accruals and deferred income	<u>44,292</u>	<u>41,019</u>
Other creditors	<u>23,514</u>	<u>17,335</u>
	<u>351,084</u>	<u>311,243</u>

Amounts due to group undertakings are repayable on demand

17 Creditors: amounts falling due after more than one year	2012 £'000	2011 £'000
Bank loans and overdrafts	35,000	-
Obligations under finance leases and hire purchase contracts	47	97
Amounts due to fellow subsidiaries	648,838	737,863
Amounts due to joint ventures and associates	250	-
Amounts due to group undertakings	<u>262,422</u>	<u>241,556</u>
	<u>946,557</u>	<u>979,516</u>

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

18 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are measured at amortised cost

	Effective interest rate %	Maturity	2012 £'000	2011 £'000
Creditors falling due within less than one year				
Obligations under finance leases and hire purchase contracts	4.80%	2013	45	684
Bank overdrafts	1.50%		2,021	1,615
			<u>2,066</u>	<u>2,299</u>
Creditors falling due more than one year				
Obligations under finance leases and hire purchase contracts	4.80%	2015	47	97
Amounts due to Aggregate Industries Holdings Limited**	Labor* + 2.72%	2016	200,000	400,000
Amounts due to Aggregate Industries Holdings Limited**	3.40% fixed	2016	200,000	-
Amounts due to Aggregate Industries Holdings Limited	Labor* + 1%	2014	37,939	91,000
Bank loan	2.24%	2014	25,000	-
Bank loan	1.75%	2014	10,000	-
			<u>472,986</u>	<u>491,097</u>
Total interest-bearing loans and borrowings			475,052	493,396

*Labor - 3 month sterling

** In December 2012 these loans, which were previously due for repayment in June 2013, were extended to 2016 subject to finalisation of the interest rate. In March 2013 the interest rates were agreed and the £400m was split into two tranches, each with different rates. The rate in the prior year was Labor + 1%.

Bank Facilities

As at 31 December 2012, the company has committed bilateral facilities totalling £125 million of which £35 million is drawn down. These are used to manage the working capital fluctuations of the business. In addition, the company has £100 million uncommitted overdraft facilities at 31 December 2012, of which £2 million is drawn down. As described in note 30, the company agreed an additional 2 year committed facility of £50 million in August 2013.

19 Obligations under finance leases

The Company has finance leases and hire purchase contracts for various items of plant and machinery. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2012		2011	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	49	45	717	684
After one year but not more than five years	50	47	107	97
More than five years	-	-	-	-
Total minimum lease payments	99	92	824	781
Less amounts representing finance charges	(7)	-	(43)	-
Present value of minimum lease payments	92	92	781	781

20 Provisions for liabilities

a) Deferred tax

	Deferred tax £'000
At 1 January 2012	139,535
Credited to other comprehensive income (note 24)	(7,546)
Credit to the Statement of Profit and Loss	(27,989)
At 31 December 2012	104,000
Current	
At 31 December 2012	-
At 31 December 2011	-
Non-Current	
At 31 December 2012	104,000
At 31 December 2011	139,535
Tax effect of timing differences because of	
	2012 £'000
Differences between accumulated depreciation and capital allowances	138,807
Other timing differences	(34,807)
Provision	104,000
	2011 £'000
	166,907
	(27,372)
	<u>139,535</u>

At 31 December 2012 there was no recognised deferred tax liability (2011: £nil) for taxes that could become payable on the unremitted earnings of certain subsidiaries, associates and joint ventures as dividend receipts from UK entities should be exempt from further UK tax, and for overseas entities, the company can control the extent and timing of any distribution such that no material tax consequences are expected to occur.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)
20 Provisions for liabilities (continued)

b) Other provisions

	Restoration & site remedial £ 000	Other provisions £ 000	Total £ 000
At 1 January 2012	51,984	1,396	53,380
Arising during the year	6,571	14,646	21,217
Utilised in the year	(4,295)	(5,892)	(10,187)
Unwinding of discount rate	1,755		1,755
At 31 December 2012	<u>56,015</u>	<u>10,150</u>	<u>66,165</u>
Current			
At 31 December 2012	<u>3,000</u>	<u>8,172</u>	<u>11,172</u>
At 31 December 2011	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Non-Current			
At 31 December 2012	<u>53,015</u>	<u>1,978</u>	<u>54,993</u>
At 31 December 2011	<u>48,984</u>	<u>1,396</u>	<u>50,380</u>

Restoration provisions have been established in respect of legal contractual or constructive obligations. Amounts have been estimated based on advice and opinions of suitably qualified and experienced specialists. These provisions are expected to be utilised over the life of the respective sites. Long term provisions are discounted to their present value based on long-term borrowing rates.

Other provisions include property, legal and restructuring provisions. The legal provisions are expected to be utilised within two to five years depending on the nature of the claims.

21 Called up share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
100,300 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

22 Reserves

Share capital and share premium accounts

Equity share capital comprises the net proceeds up to par value on issue of the Company's equity share capital of 100,300 ordinary shares of £1 each. The excess proceeds above the par value are recognised within the share premium account.

Other capital reserve

As noted in more detail in note 27, this reserve relates to the cumulative charges for compensation to management paid in shares of the ultimate parent company, Holcim Ltd.

23 Dividends

A dividend of £309 per ordinary share, totalling £31,000,000 was declared in the year. No dividend was declared in the prior year.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

24 Pension schemes

The Company operates two Defined Benefit Plans the Foster Yeoman Pension Plan (FYPP) and the Aggregate Industries Pension Plan (AIPP) and also has a variety of Defined Contribution Schemes. The Defined Benefit Scheme arrangements are detailed below. The contributions by the Company to the Defined Contribution Schemes in the year were £5,524,000 (2011: £5,023,000). At the end of the year these pension contributions were paid in full.

Foster Yeoman Pension Plan

On 1 November 2009, as part of the hive up agreement between Aggregate Industries UK Limited and Foster Yeoman Limited, the company assumed responsibility for the management of the existing funded pension scheme in the UK known as "the Plan".

The Company operates a funded pension scheme in the UK (the 'Plan') for employees of Foster Yeoman Limited. A full actuarial valuation was carried out at 31 May 2012 and updated to 31 December 2012 by a qualified independent actuary.

The principal assumptions used by the actuary were (in absolute terms)

	2012 (%p a)	2011 (%p a)
Future salary increases	n/a	n/a
General Annual Salary Increase (GASI)	3.20%	3.30%
Future LPI pension increases	2.70%	2.80%
Discount rate	4.10%	4.70%
Inflation assumption	2.70%	2.80%
Revaluation in deferment	1.90%	2.20%
Assumed life expectancies on retirement at age 65 are		
Retiring today	Males 20.9 Females 23.4	20.9 23.4
Retiring in 20 years time	Males 22.2 Females 24.6	22.2 24.6

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The assumptions used in determining the overall expected return of the assets of the Plan have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. The fair value of the Plan's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Plan's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long-term rate of return expected at 31 Dec 2012 p a	Fair Value at 31 Dec 2012 £'000	Long-term rate of return expected at 31 Dec 2011 p a	Fair Value at 31 Dec 2011 £'000
Insured Annuities	4.10%	78,113	4.70%	70,945
Total fair value		<u>78,113</u>		<u>70,945</u>

None of the assets of the Plan are invested in the Company's own financial instruments and none of the assets are properties or other assets used by the Company.

	2012 £'000	2011 £'000
Fair value of Plan assets	78,113	70,945
Present value of funded obligations	(79,361)	(72,053)
Plan deficit of funded obligations	<u>(1,248)</u>	<u>(1,108)</u>
Net liability from funded and unfunded plans	<u>(1,248)</u>	<u>(1,108)</u>

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

24 Pension schemes (continued)

Reflected in the Balance Sheet

	2012 £'000	2011 £'000
Employee benefits liability	(1,248)	(1 108)
Deferred tax asset	287	277
Net liability	(961)	(831)

The amounts recognised in the Statement of Profit and Loss

Expected return on plan assets	(3,248)	(3 424)
Interest cost	3,292	3,476
Total (included in administrative expenses)	44	52

Amounts recognised in Other Comprehensive Income

Actuarial losses	449	392
Deferred tax	(103)	(24)
Total recognised in Other Comprehensive Income	346	368

Actual return on Plan assets

10,902	12,150
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Cumulative actuarial losses recognised in Other Comprehensive Income

(44,353)	(43 904)
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Changes in the present value of the defined benefit obligation are as follows

	£'000
Defined benefit obligation as at 1 January 2011	62,466
Interest cost	3,476
Actuarial losses	9,118
Benefits paid	(3 007)
Defined benefit obligation as at 31 December 2011	72,053
Interest cost	3,292
Actuarial losses	8,103
Other	1 143
Benefits paid	(5,230)
Defined benefit obligation as at 31 December 2012	79,361

Changes in the fair value of plan assets are as follows

	£'000
Fair value of plan assets as at 1 January 2011	61,300
Expected return on plan assets	3,424
Actuarial gains	8 726
Contributions by employer	502
Benefits paid	(3,007)
Fair value of plan assets as at 31 December 2011	70,945
Expected return on plan assets	3,248
Actuarial gains	7,654
Contributions by employer	353
Other	1 143
Benefits paid	(5,230)
Fair value of plan assets as at 31 December 2012	78,113

The Company expects to have no contributions to its defined benefit pension plan in 2013

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

24 Pension schemes (continued)

Aggregate Industries Pension Plan

The company participates in a defined benefit pension scheme a funded UK wide pension scheme (the Plan) providing benefits based on final pensionable pay. The plan is detailed below.

A full actuarial valuation was carried out at 5 April 2012 and updated to 31 December 2012 by a qualified independent actuary.

The principal assumptions used by the actuary were (in absolute terms)

	2012 (%p.a.)	2011 (%p.a.)
Future salary increases	2.70%	2.80%
General Annual Salary Increase (GASI)	3.20%	3.30%
Future LPI pension increases	2.70%	2.80%
Discount rate	4.10%	4.70%
Inflation assumption	2.70%	2.80%
Revaluation in deferment	1.90%	2.20%

Assumed life expectancies on retirement at age 65 are

Retiring today	Males	20.9	20.9
	Females	23.4	23.4
Retiring in 20 years time	Males	22.2	22.2
	Females	24.6	24.6

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The assumptions used in determining the overall expected return of the assets of the Plan have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. The fair value of the Plan's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Plan's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long-term rate of return expected at 31 Dec 2012 p.a.	Fair value at 31 Dec 2012 £'000	Long-term rate of return expected at 31 Dec 2011 p.a.	Fair value at 31 Dec 2011 £'000
Equities and Property	7.00%	166,979	7.00%	157,360
Fixed Interest	4.10%	56,768	4.70%	55,047
Insured Annuities	4.10%	192,589	4.70%	183,333
Cash and Other	0.50%	1,317	0.50%	-
Total fair value		<u>417,653</u>		<u>395,740</u>

None of the assets of the Plan are invested in the Company's own financial instruments and none of the assets are properties or other assets used by the Company.

The amounts recognised in the Balance Sheet are as follows:

	2012 £'000	2011 £'000
Fair value of Plan assets	417,653	395,740
Present value of funded obligations	(502,532)	(446,211)
Plan deficit of funded obligations	<u>(84,879)</u>	<u>(50,471)</u>

Reflected in the Balance Sheet

Defined benefit deficit	(84,879)	(50,471)
Deferred tax asset	19,522	12,618
Net liability	<u>(65,357)</u>	<u>(37,853)</u>

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

24 Pension schemes (continued)

The amounts recognised in the Statement of Profit and Loss	2012 £'000	2011 £'000
Expected return on plan assets	(21,890)	(24,856)
Current service cost	7,141	7,140
Contribution by the employees	(206)	(220)
Interest costs	20,641	22,384
Total (included in administrative expenses)	5,686	4,448
Amounts recognised in Other Comprehensive Income		
Actuarial losses	36,588	35,507
Deferred tax	(8,415)	(8,590)
Total recognised in Other Comprehensive Income	28,173	26,917
Actual return on Plan assets	33,740	25,375
Cumulative actuarial losses recognised in Other Comprehensive Income	(132,644)	(96,056)

Changes in the present value of the defined benefit obligation are as follows

	£'000
Defined benefit obligation as at 1 January 2011	398,853
Current service costs	7,140
Interest cost	22,384
Actuarial losses	36,026
Benefits paid	(18,192)
Defined benefit obligation as at 31 December 2011	446,211
Current service costs	7,141
Interest cost	20,641
Actuarial losses	48,438
Contributions by plan participants	-
Benefits paid	(19,899)
Defined benefit obligation as at 31 December 2012	502,532

Changes in the fair value of plan assets are as follows

	£'000
Fair value of plan assets as at 1 January 2011	379,855
Expected return on plan assets	24,856
Actuarial gains	519
Contributions by employer	8,482
Contributions by employees	220
Benefits paid	(18,192)
Fair value of plan assets as at 31 December 2011	395,740
Expected return on plan assets	21,890
Actuarial gains	11,850
Contributions by employer	7,866
Contributions by employees	206
Benefits paid	(19,899)
Fair value of plan assets as at 31 December 2012	417,653

The Company expects to contribute approximately £9,060,000 to its defined benefit pension plan in 2013

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2012 (continued)

25 Contingent liabilities

The Company has contingent liabilities in respect of bonds, guarantees and agreements entered into in the normal course of business from which it is anticipated that no material liabilities will arise.

26 Leasing commitments

Operating lease commitments held under non cancellable agreements are summarised as follows:

	Land & buildings		Other	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Future minimum rentals payable under operating leases				
Within one year	10,472	10,718	1,597	2,349
Between two and five years	38,501	38,955	893	1,556
After five years	84,388	102,935	-	-
	133,361	152,608	2,490	3,905

27 Share-based payment plans

Part of the variable performance related compensation for management is paid in shares of the ultimate parent company, Holcim Ltd. The value of the award is a percentage of base salary relative to the annual performance targets and shares are granted based on the average market price of the shares in January and February of the following year. The shares cannot be sold by the employees for a period of three years. The total expense arising from this share plan amounted to Nil (2011: £0.3m).

28 Parent and ultimate parent company

The immediate parent company is Aggregate Industries Limited, incorporated in Great Britain and the ultimate parent undertaking is Holcim Ltd, which is incorporated in Switzerland. This is the smallest and largest group in which results are consolidated.

Copies of the accounts of Holcim Ltd are available on www.holcim.com or from Holcim Ltd Corporate Communications, Zuercherstrasse 156, CH-8645 Jona.

29 Related party disclosures

During the year the company had the following transactions with certain of its joint ventures and related parties:

	Sales £'000	Purchases £'000
2012		
Joint venture and associates	5,471	59,210
2011		
Joint venture and associates	6,611	72,477
Amounts owed by related parties	2012	2011
	£'000	£'000
Amounts owed by joint ventures and associates	14,509	12,017
	14,509	12,017
Amounts owed to related parties	2012	2011
	£'000	£'000
Amounts owed to joint ventures and associates	5,464	6,507
	5,464	6,507

There were no transactions of a material nature that were made with senior management or directors which require disclosure other than the directors' remuneration paid that is disclosed in note 5.

30 Post balance sheet events

In April 2013 the company sold its investment in one of its joint ventures, Card Bardon Limited. This resulted in a loss on disposal which has been reflected as an impairment of the investment as included in note 12.

On 30 April 2013 the company sold a number of its business units in Scotland for a consideration of £31.9 million. There is no impact of this transaction on the carrying value of any assets within the company.

In August 2013 the company agreed an additional 2 year committed credit facility of £50 million to provide additional working capital headroom over the medium term.