

Registered number: 00488067

# **HANSON BUILDING MATERIALS LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**



## **HANSON BUILDING MATERIALS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	N Benning-Prince D J Clarke (resigned 1 December 2016) R C Dowley E A Gretton Dr C M Wendt (appointed 1 December 2016)
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<b>Company secretary</b>	W F Rogers
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<b>Registered number</b>	00488067
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<b>Registered office</b>	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
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<b>Independent auditor</b>	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX
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## **HANSON BUILDING MATERIALS LIMITED**

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# **HANSON BUILDING MATERIALS LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

### **Business review**

The principal activity of the Company is that of a group investment holding company.

The Company has significant provisions in relation to post employment benefits for former employees. The final cost of providing these benefits could vary significantly from the current provision.

### **Principal risks and uncertainties**

#### **Group undertakings**

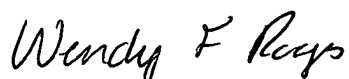
The Company's results arise mainly from transactions with fellow group undertakings in the group headed by HeidelbergCement AG. The Directors are therefore of the opinion that the Company is not directly exposed to significant risks and uncertainty; however, by the very nature of its activities, the Company is indirectly exposed to similar risks and uncertainties to those faced by other group companies. Details of the proposed risks and uncertainties facing the group headed by HeidelbergCement AG are disclosed in the financial statements of that company.

#### **Defined benefit pension risk**

The Company is the principal employer of a defined benefit scheme. The Scheme is closed to future accrual, and the ultimate cost to the Company of providing these benefits will vary with factors such as the underlying investment performance, mortality rates of the members and future inflation trends.

The Company takes advice on the current funding position from independent actuaries and further details can be found in note 18.

This report was approved by the board on 25 September 2017 and signed on its behalf.



**W F Rogers**  
Secretary

## **HANSON BUILDING MATERIALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £1,965,000 (2015 - profit £1,880,000).

Included within the loss for the current year is a charge of £205,000 (2015 - release of £869,000) relating to an impairment in the value of the investment in Hanson Aggregates UK Limited.

The Directors do not recommend the payment of a final dividend (2015 - £nil).

#### **Future developments**

The Directors anticipate that the Company will continue as a group investment holding company for the foreseeable future.

#### **Going concern**

The Company has limited activity and has limited cash flows outside of the HeidelbergCement AG ("HCAG") group. The recoverability of its assets is dependent on the financial position of the HCAG group.

The Directors, having assessed the responses of the management of HCAG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the HCAG group to continue as a going concern.

On the basis of their assessment of the Company's financial position and relevant enquiries, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Directors**

The Directors who served during the year were:

N Benning-Prince  
D J Clarke (resigned 1 December 2016)  
R C Dowley  
E A Gretton  
Dr C M Wendt (appointed 1 December 2016)

#### **Directors' indemnity**

A fellow group undertaking has indemnified, by means of directors' and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

The articles of association also provide for the Directors to be indemnified by the Company subject to the provisions of the Companies Act.

**HANSON BUILDING MATERIALS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

**Auditor**

Ernst & Young LLP, having confirmed their willingness to act, will continue in office as auditor of the Company.

This report was approved by the board on 25 September 2017 and signed on its behalf.



**W F Rogers**  
Secretary

## **HANSON BUILDING MATERIALS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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; 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED**

We have audited the financial statements of Hanson Building Materials Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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 Auditor**

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. 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.



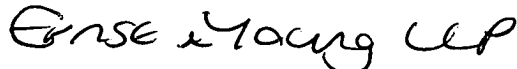
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON BUILDING MATERIALS LIMITED  
(CONTINUED)**

**Matters on which we are required to report by exception**

In the light of our 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 and the Directors' Report.

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.



Jane Barwell (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP, Statutory Auditor**

The Paragon  
Counterslip  
Bristol  
BS1 6BX

26 September 2017

# **HANSON BUILDING MATERIALS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Note</b>	<b>2016 £000</b>	<b>2015 £000</b>
Administrative expenses		(1,543)	1,289
Exceptional items	7	(205)	869
<b>Operating (loss)/profit</b>	5	<b>(1,748)</b>	<b>2,158</b>
Interest receivable and similar income	8	6	7
Interest payable and expenses	9	(132)	(199)
Other finance expense		(91)	(86)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(1,965)</b>	<b>1,880</b>
Tax on (loss)/profit on ordinary activities	10	-	-
<b>(Loss)/profit for the financial year</b>		<b>(1,965)</b>	<b>1,880</b>
<b>Other comprehensive income:</b>			
Actuarial loss on defined benefit schemes		(26,455)	(2,369)
Changes in the pension scheme asset ceiling		25,724	2,126
		(731)	(243)
<b>Total comprehensive (expense)/income for the financial year</b>		<b>(2,696)</b>	<b>1,637</b>

All amounts relate to continuing operations.

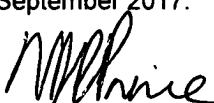
The notes on pages 10 to 24 form part of these financial statements.

**HANSON BUILDING MATERIALS LIMITED**  
**REGISTERED NUMBER:00488067**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments	11	9,426,480	9,426,685
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	8,390,722	8,392,173
Cash at bank and in hand		531	531
		<u>8,391,253</u>	<u>8,392,704</u>
Creditors: amounts falling due within one year	13	(14,626,160)	(14,625,860)
<b>Net current liabilities</b>		<u>(6,234,907)</u>	<u>(6,233,156)</u>
<b>Total assets less current liabilities</b>		<u>3,191,573</u>	<u>3,193,529</u>
<b>Provisions for liabilities</b>			
Other provisions	15	(3,546)	(3,485)
<b>Net assets excluding pension liability</b>		<u>3,188,027</u>	<u>3,190,044</u>
Pension liability	18	(3,119)	(2,440)
<b>Net assets</b>		<u><u>3,184,908</u></u>	<u><u>3,187,604</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,473,938	1,473,938
Share premium account	16	1,493,072	1,493,072
Other reserves	16	281,214	281,214
Profit and loss account	16	(63,316)	(60,620)
<b>Shareholders' funds</b>		<u><u>3,184,908</u></u>	<u><u>3,187,604</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2017.

  
**N Benning-Prince**  
 Director

The notes on pages 10 to 24 form part of these financial statements.

# **HANSON BUILDING MATERIALS LIMITED**

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

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2016	1,473,938	1,493,072	281,214	(60,620)	3,187,604
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(1,965)	(1,965)
Actuarial losses on pension scheme	-	-	-	(731)	(731)
<b>Total comprehensive expense for the year</b>	-	-	-	(2,696)	(2,696)
<b>At 31 December 2016</b>	<b>1,473,938</b>	<b>1,493,072</b>	<b>281,214</b>	<b>(63,316)</b>	<b>3,184,908</b>

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2015	1,473,938	1,493,072	281,214	(62,257)	3,185,967
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,880	1,880
Actuarial losses on pension scheme	-	-	-	(243)	(243)
<b>Total comprehensive income for the year</b>	-	-	-	1,637	1,637
<b>At 31 December 2015</b>	<b>1,473,938</b>	<b>1,493,072</b>	<b>281,214</b>	<b>(60,620)</b>	<b>3,187,604</b>

The notes on pages 10 to 24 form part of these financial statements.

## **HANSON BUILDING MATERIALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. Statement of compliance with FRS 101**

Hanson Building Materials Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Company Information.

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's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have, unless otherwise stated, been consistently applied to all periods presented.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

##### **2.2 Financial reporting standard 101 - reduced disclosure exemptions**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- 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;
- 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.

##### **2.3 Going concern**

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, which indirectly owns the Company's entire share capital, has committed to continue to support the Company for the foreseeable future, in order that it can meet its liabilities as they fall due.

##### **2.4 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

## **HANSON BUILDING MATERIALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **2. Accounting policies (continued)**

##### **2.5 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is Sterling.

###### **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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### **2.6 Interest bearing loans and borrowings**

All interest bearing loans and borrowings are initially recognised as the net proceeds received. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payment made in respect of the debt in the period.

##### **2.7 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**2. Accounting policies (continued)**

**2.8 Financial instruments**

**i) Financial assets other than derivatives**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus directly attributable transaction costs. The Company's financial assets include cash and other receivables.

*Subsequent measurement*

The Company reviews indicators of impairment on an ongoing basis and where such indicators exist, the Company makes an estimate of the asset's recoverable amount.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest rate ("EIR") method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable in the Statement of Comprehensive Income.

Losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

**ii) Financial liabilities other than derivatives**

*Initial recognition and measurement*

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

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 financial liabilities at initial recognition.

*Subsequent measurement*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and interest payable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**2. Accounting policies (continued)**

**2.9 Current and deferred taxation**

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.

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:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investment in subsidiaries, branches and associates, and interests in joint ventures, a deferred tax liability shall be recognised in accordance with IAS 12.39.

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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

**2.10 Exceptional items**

The Company presents as Exceptional items those material items of income and expense which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.



## **HANSON BUILDING MATERIALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

##### **Impairment of investments**

The Company reviews investments in subsidiaries and other investments for impairment if there are any indications that the carrying values may not be recoverable. The carrying value of the investment is compared to the recoverable amount and where a deficiency exists, an impairment charge is considered by management.

The recoverable amount represents the net assets of the investment at the time of the review or where applicable is represented by an estimate of future cash flows expected to arise from the investment. A suitable discount rate is applied to the future cash flows in order to calculate the present value.

Reversals of impairments are recognised where there is a favourable change in the economic assumptions in the period since the provision was made.

##### **Recoverability of amounts owed by group undertakings**

The Company reviews the recoverability of amounts owed by group undertakings by reviewing the net assets of the counterparty. If the counterparty has net liabilities a provision is made by management for the amount considered irrecoverable.

#### **4. Staff costs**

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £918,000 (2015 - £1,003,000), which was paid by various fellow subsidiaries. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

#### **5. Operating (loss)/profit**

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Impairment charge/(release) of fixed asset investments	205	(869)
Increase/(decrease) in other post employment provisions	193	(1,979)
	<u>          </u>	<u>          </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:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Audit fees	177	210
	<u>          </u>	<u>          </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the ultimate parent Company.

**HANSON BUILDING MATERIALS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016****7. Exceptional items**

	<b>2016 £000</b>	<b>2015 £000</b>
Impairment (charge)/release of fixed asset investments	<u>(205)</u>	<u>869</u>

An impairment has been made against the Company's investment in Hanson Aggregates UK Limited to bring the carrying value of the investment in line with its underlying net assets.

**8. Interest receivable**

	<b>2016 £000</b>	<b>2015 £000</b>
Interest receivable from group companies	<u>6</u>	<u>7</u>

**9. Interest payable and similar charges**

	<b>2016 £000</b>	<b>2015 £000</b>
Unwinding of discount on provisions	<u>132</u>	<u>199</u>

**10. Taxation**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Current income tax</b>		
Current UK corporation tax on loss/(profit) for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

## HANSON BUILDING MATERIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 10. Taxation (continued)

##### Reconciliation of the tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20.25% (2015 -20.25%). The differences are explained below:

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	(1,965)	1,880
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2015 -20.25%)	(398)	381
Effects of:		
Non-tax deductible impairment	-	(176)
Expenses not deductible for tax purposes	46	27
Deferred tax asset not recognised	1	(540)
Group relief	(645)	(738)
Transfer pricing adjustments	996	1,046
Total tax charge for the year	-	-

##### Change in corporation tax rate

The main rate of corporation tax reduces from 20% to 19% on 1 April 2017 and then to 17% on 1 April 2020.

# **HANSON BUILDING MATERIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **11. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January and 31 December 2016	9,428,058
<b>Impairment</b>	
At 1 January 2016	1,373
Charge for the period	205
At 31 December 2016	1,578
<b>Net book value</b>	
At 31 December 2016	9,426,480
At 31 December 2015	9,426,685

The value of the investment in Hanson Aggregates UK Limited has been written down to its recoverable value.

#### **Direct subsidiary undertakings**

The investments in which the Company directly held any class of share capital were as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Hanson (FP) Limited	England and Wales	Ordinary	100 %	Investment holding company
Hanson BC Limited*	Bermuda	Ordinary	100 %	Group finance company
Hanson Aggregates UK Limited	England and Wales	Ordinary	100 %	Investment holding company
National Star Brick and Tile Holdings Limited	England and Wales	Ordinary Preference	100 % 100 %	Dormant
City of London Heliport Limited	England and Wales	Ordinary	56 %	Dormant
Hanson Trustees Limited	England and Wales	Ordinary	100 %	Trustee
Hanson (MR) Limited	England and Wales	Ordinary	0 %	Dormant

\* Registered as a UK Establishment.

## HANSON BUILDING MATERIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 11. Fixed asset investments (continued)

##### Indirect subsidiary undertakings

The investments in which the Company indirectly held any class of share capital were as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Viewgrove Investments Limited	England and Wales	Ordinary	100 %	Dormant
		Preference	100 %	
St Jude S.a.r.l	Luxembourg	Ordinary	100 %	Holding Company
CHB Products Limited	England and Wales	'A' Ordinary	100 %	Group finance company
		'B' Ordinary	100 %	
Hanson Iceland EHF	Iceland	Ordinary	100 %	Holding company
Amangani SA	Panama	Ordinary	100 %	Holding company
Hanson Green Limited*	Bermuda	Ordinary	100 %	Holding company

\* Registered as a UK Establishment.

The registered office of the investments incorporated in England and Wales is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

The registered office of Hanson BC Limited and Hanson Green Limited is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The registered office of St Jude S.a.r.l is 43 Avenue J.F. Kennedy, Luxembourg, 1855, Luxembourg.

The registered office of Hanson Iceland EHF is Hofdatorg, 18th Floor, Reykjavik, 105, Iceland.

The registered office of Amangani SA is PH ARIFA, 9th and 10th Floors, West Boulevard, Santa Maria Business District, Panama-City, Republic of Panama.

#### 12. Debtors

	2016 £000	2015 £000
<b>Due within one year</b>		
Amounts owed by group undertakings	8,390,622	8,392,142
Prepayments and accrued income	100	31
	<u>8,390,722</u>	<u>8,392,173</u>

Included within amounts owed by group undertakings is £2,484,000 (2015 - £1,540,000) which accrues interest at overnight LIBOR. The remaining balance is interest free. All amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

## HANSON BUILDING MATERIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 13. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	14,625,768	14,625,568
Accruals and deferred income	392	292
	<u>14,626,160</u>	<u>14,625,860</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 14. Deferred taxation

A potential deferred tax asset of £1,068,000 (2015 - £967,000) in respect of short term timing differences has not been recognised as it is uncertain whether future profits will be sufficient to offset these differences when they reverse.

A potential deferred tax asset of £530,000 (2015 - £440,000) in respect of the pension scheme deficit has not been recognised as it is uncertain whether future profits will be sufficient to offset this difference when it reverses.

#### 15. Provisions

	Other post employment provisions £000
At 1 January 2016	3,485
Discounted adjustments net of payments	(132)
Adjustments	193
At 31 December 2016	<u>3,546</u>

The Company has a liability to provide post retirement healthcare benefits to former employees outside of the funded pension scheme arrangements. During the current year, the Company made payments totalling £264,000 (2015 - £262,000) to meet these obligations.

#### 16. Reserves

##### Other reserves

Other reserves relate to capital reserves in relation to past capital contributions.

# **HANSON BUILDING MATERIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **17. Share capital**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
736,968,849 ordinary shares of £2 each	1,473,938	1,473,938

### **18. Pension commitments**

During the year, the Company participated in the Hanson No.2 Pension Scheme (the "Main Scheme") and relevant employees are eligible for benefits under this funded defined benefit scheme, with funds held externally under the supervision of the corporate trustee.

During the year, the Company also participated in the UURBS Scheme (the "Second Scheme", together with the Main Scheme, the "Schemes") and relevant employees are eligible for benefits under this unfunded Scheme, which is of the defined benefit type.

The valuation of the Schemes has been based on the most recent actuarial valuation at 30 September 2014 and was updated by Mercer Limited to take account of the requirements of IAS 19 in order to assess the liabilities of the Schemes at 31 December 2016 and 31 December 2015. The Schemes were closed to future accrual on 31 December 2011. The Schemes' assets are stated at their market values at the respective balance sheet dates.

The assets and liabilities of the Schemes are recognised in the financial statements of Hanson Building Materials Limited and the balances at 31 December were:

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Scheme assets at fair value</b>		
Cash and cash equivalents	311	321
Nominal government bonds	61,777	52,669
Index linked bonds	100,320	83,069
Insurance policies	85,272	76,955
<b>Fair value of Scheme assets</b>	<b>247,680</b>	<b>213,014</b>
<b>Present value of Scheme liabilities</b>	<b>(242,158)</b>	<b>(182,349)</b>
<b>Restriction on pension scheme asset</b>	<b>8,641</b>	<b>(33,107)</b>
<b>Defined benefit Scheme liability</b>	<b>(3,119)</b>	<b>(2,442)</b>

The Schemes have not invested directly in any of the Group's own financial instruments nor in properties or other assets used by the Group.

## HANSON BUILDING MATERIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 18. Pension commitments (continued)

The main actuarial assumptions used in the valuation are set out below:

	2016	2015
	%	%
Discount rate	2.65	3.80
Future pension increases	3.61	3.05
RPI inflation assumption	3.25	3.05
CPI inflation assumption	2.25	2.05

The mortality assumptions are based on recent actual mortality experience of members within the Schemes with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 26 years if they are male (2015 - 25.9 years) and for a further 27.5 years if they are female (2015 - 27.4 years).

For a member who retires in 2037 (2015 - 2036) at the age of 65 the assumptions are that they will live on average for a further 26.8 years after retirement if they are male (2015 - 26.8 years), and for a further 28.3 years after retirement if they are female (2015 - 28.3 years).

#### Sensitivity analysis

The sensitivity of the present value of the Schemes' liabilities to changes in the principal assumptions used is set out below.

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease 1%	Decrease 22% / increase 17%
Inflation assumption	Increase / decrease 0.25%	Increase 4% / decrease 4%
Life expectancy	Increase / decrease 1 year	Increase 3% / decrease 3%

The Company expects to contribute £107,000 (2015 - £67,000) to the Schemes in 2017.

#### Included within the Statement of Comprehensive Income

	2016	2015
	£000	£000
Expected return on plan assets	6,669	6,591
Interest on pension liabilities	(6,760)	(6,591)
Administration expenses incurred by the plan	(70)	(66)
	<u>(161)</u>	<u>(66)</u>



# **HANSON BUILDING MATERIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **18. Pension commitments (continued)**

Included within other comprehensive income:

	<b>2016 £000</b>	<b>2015 £000</b>
Actuarial losses	(26,455)	(2,369)
Change in the asset ceiling	25,724	2,126
	<u>(731)</u>	<u>(243)</u>

Changes in present value of the defined benefit obligations are analysed as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Opening defined benefit obligation	182,349	187,408
Interest cost	6,760	6,591
Actuarial losses/(gains) on scheme liabilities	61,928	(3,029)
Net benefits paid out	(8,879)	(8,621)
<b>Closing present value of Scheme liabilities</b>	<u><b>242,158</b></u>	<u><b>182,349</b></u>

Changes in the fair value of the Schemes' assets are analysed as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Opening fair value of Scheme assets	213,014	218,978
Expected return on plan assets	7,927	7,729
Administrative expenses paid by the plan	(70)	(66)
Actuarial gain/(loss) on plan assets	35,473	(5,398)
Contributions paid by the employers	134	313
Net benefits paid out	(8,798)	(8,542)
<b>Closing fair value of Scheme assets</b>	<u><b>247,680</b></u>	<u><b>213,014</b></u>

# **HANSON BUILDING MATERIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **18. Pension commitments (continued)**

Amounts for the current and previous four years:

	<b>2016 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>
Defined benefit obligation	(242,158)	(182,349)	(187,408)	(169,781)	(162,962)
Fair value of Scheme assets	247,680	213,014	218,978	185,573	186,195
Surplus in Schemes	5,522	30,665	31,570	15,792	23,233
Experience gains/(losses) on scheme liabilities *	-	(1,178)	(11)	(52)	3,355
Experience gains/(losses) on scheme assets	35,473	(5,398)	29,687	(4,501)	(9,258)

\* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Following the recovery plan dated 11 August 2015, the employers agreed to pay a lump sum of £0.2m which immediately eliminated the funding shortfall. The forecast contributions payable for the year ended 31 December 2017 are expected to be £107,000. The actuarial method used in the calculation of the technical provisions underpinning the recovery plan was the projected unit method. Hanson Building Materials Limited does not contribute to the employer contributions payable under the recovery plan.

The Schemes are recognised on the balance sheet of Hanson Building Materials Limited as this entity is considered to bear the risks relating to the plan due to the proportion of current and deferred members employed or previously employed by the entity.

## HANSON BUILDING MATERIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 19. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG. Balances outstanding at 31 December with related parties, are as follows:

	2016 £000	2015 £000
Amounts owed by ultimate parent undertaking	2,484	1,540
Amounts owed by fellow subsidiary undertakings	8,388,138	8,390,602
Amounts owed to subsidiary undertakings	(9,425,691)	(9,425,690)
Amounts owed to fellow subsidiary undertakings	(5,200,077)	(5,199,878)
	<u>(6,235,146)</u>	<u>(6,233,426)</u>

#### 20. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson Holdings Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by HeidelbergCement AG. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.