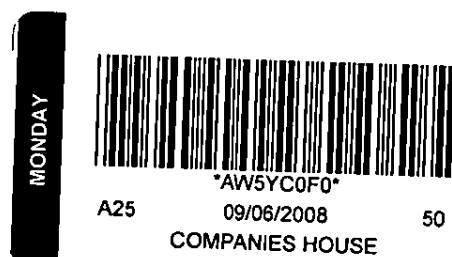


Registered number  
2670582

CHB PHR LIMITED  
DIRECTORS' REPORT AND ACCOUNTS

in respect of the year ended

31 December 2007



**CHB PHR LIMITED**  
**Directors' Report**

Directors                    G Dransfield  
                                 R Coulson

Secretary                 G Dransfield

Registered office        1 Grosvenor Place, London SW1X 7JH

The Directors present their report and accounts for the year ended 31 December 2007

**Principal activities and review of the business**

The principal activity of the Company is that of an investment holding company

**Results and dividends**

The loss for the year amounted to £1,087,000 and is dealt with as shown in the profit and loss account. The Directors do not recommend the payment of a dividend for the year.

**Directors**

The Directors shown at the head of this report are currently in office and served throughout the year.

**Annual General Meeting**

Pursuant to an Elective Resolution of the Company passed on 14 June 1999 the Company has dispensed with the need to hold Annual General Meetings.

Any member of the Company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with S253 of the Companies Act 1985.

**Auditors**

Ernst & Young LLP will be re appointed as the Company's auditor in accordance with the elective resolution passed by the Company under S386 of the Companies Act 1985.

## **CHB PHR LIMITED**

### **Directors' Report**

#### **Directors' responsibilities**

The Directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 year. In preparing these accounts, 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 accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

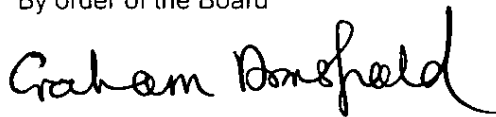
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors and disclosure of information to auditors**

The Directors who held office at the date of approval of this Report of the Directors each confirm that, so far as they are aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and that they have each taken all the steps that ought to have been taken as a Director of the Company to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with provisions of Section 234ZA of the Companies Act 1985.

By order of the Board



G Dransfield  
Secretary  
29 May 2008

## **CHB PHR LIMITED**

### **Independent auditors' report to the shareholders of CHB PHR LIMITED**

We have audited the accounts of CHB PHR Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 15. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

#### **Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditors  
London  
29 May 2008

**CHB PHR LIMITED**  
**Profit and Loss Account**  
**for the year ended 31 December 2007**

	Notes	2007	2006
		£000	£000
Provision for pension and property costs	9	(1,000)	(4,691)
Administrative expenses		-	(7)
<b>Operating loss</b>	2	(1,000)	(4,698)
Other net finance (cost)/ income	3	(94)	690
<b>Loss on ordinary activities before taxation</b>		(1,094)	(4,008)
Taxation	4	7	(207)
<b>Retained loss for the financial year</b>		<u>(1,087)</u>	<u>(4,215)</u>

Movements in reserves are set out in note 12

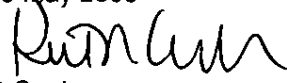
**CHB PHR LIMITED****Statement of total recognised gains and losses  
for the year ended 31 December 2007**

	Notes	2007	2006
		£000	£000
Retained loss for the financial year		(1,087)	(4,215)
Actual return less expected return on pension scheme assets		1,256	952
Experience gains and losses arising on the pension scheme liabilities		(3,581)	(632)
Change in assumptions underlying the present value of the pension scheme liabilities		2,001	(3,768)
Deferred tax on items taken directly to equity		91	1,034
Total recognised gains and losses related to the year		<u>(1,320)</u>	<u>(6,629)</u>

**CHB PHR LIMITED**  
**Balance Sheet**  
**at 31 December 2007**

	Notes	2007	2006
		£000	£000
<b>Fixed assets</b>			
Investments	5	6,071	6,071
Debtors	6	83,997	83,997
<b>Creditors, amounts falling due within one year</b>	7	(104,417)	(103,243)
<b>Net current liabilities</b>		(20,420)	(19,246)
<b>Total assets less current liabilities</b>		(14,349)	(13,175)
<b>Creditors, amounts falling due after more than one year</b>	8	(21)	(21)
<b>Provisions for liabilities</b>			
Pension plan deficit		(1,368)	(950)
Deferred tax asset on pension plan		383	285
Other provisions	9	(5,875)	(6,049)
<b>Net liabilities</b>		<u>(21,230)</u>	<u>(19,910)</u>
<b>Capital and reserves</b>			
Called up share capital	10	72,764	72,764
Share premium	11	58,662	58,662
Profit and loss account	12	(152,656)	(151,336)
<b>Equity shareholders' deficit</b>	13	<u>(21,230)</u>	<u>(19,910)</u>

Approved by the Board of Directors  
29 May 2008

  
R Coulson  
Director

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

**1 Accounting policies**

***Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

The Company has taken advantage of the exemption available to it under FRS 1 "Cash Flow Statements" not to prepare a statement of cash flows

***Basis of preparation***

The accounts have been prepared under the going concern concept because a group subsidiary undertaking has stated that subject to unforeseen circumstances it intends to provide financial support to enable the Company to meet its liabilities as they fall due

***Fixed asset investments***

Fixed asset investments are stated at cost except where it is required to reflect a provision for a permanent diminution in value

***Pension Schemes***

The company operates a defined benefit pension scheme on behalf of former employees. FRS17 "Retirement Benefits" requires the assets of a defined benefit pension scheme to be measured at their market value and the liabilities to be measured using a specified actuarial valuation method and discounted using a corporate bond rate. Any pension scheme surplus or deficit arising is required to be recognised immediately on the balance sheet. Any resulting actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

***Deferred tax***

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates

**2 Operating loss**

<b>2007</b>	<b>2006</b>
<b>£000</b>	<b>£000</b>

This is stated after charging

Auditors' remuneration

-

-

Directors' remuneration

-

-

<hr/>	<hr/>
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Fees for audit and non-audit services provided by Ernst and Young LLP to the Company have been borne by a group undertaking. It is not practicable to ascertain what proportion of such fees relates to the Company

The Directors are also directors of, and were paid by, the ultimate parent undertaking and/or other group undertakings. The Directors do not believe that it is practicable to apportion these emoluments between their services as Directors of the Company and their services as directors of the ultimate parent undertaking and /or other group undertakings



**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

<b>3 Other net finance (cost) / income</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	7,004	7,070
Interest on pension scheme liabilities	(7,098)	(6,380)
	<u>(94)</u>	<u>690</u>

<b>4 Taxation</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Deferred tax		
Effect of decreased tax rate on opening liability	19	-
Deferred tax on pensions	(26)	207
	<u>(7)</u>	<u>207</u>

Tax on (loss)/profit on ordinary activities	<u>(7)</u>	<u>207</u>
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**Factors affecting tax charge for year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%)  
The differences are explained below

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before taxation	<u>(1,094)</u>	<u>(4,008)</u>
Standard rate of corporation tax in the UK	30%	30%
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	(328)	(1 202)
Effects of		
Imputed interest	(256)	(24)
Other timing differences	(24)	938
Group relief surrendered for nil charge	608	288
Current tax charge for the year	<u>-</u>	<u>-</u>

A potential deferred tax asset of £1,645 000 (2006 £1 815 000) has not been recognised as its recoverability is uncertain

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

**5 Investments**

	<b>Cost £000</b>	<b>Provision £000</b>	<b>Net Book Value £000</b>
Investments in subsidiary undertakings			
At 1 January 2007	6,050	-	6,050
At 31 December 2007	<u>6,050</u>	<u>-</u>	<u>6,050</u>

In the opinion of the Directors, the value of the Company's investments in its subsidiary undertaking is not less than the amount at which they are stated in the balance sheet. The principal subsidiary undertaking is as follows:

<b>Company</b>	<b>Country of registration and operation</b>	<b>Shares held  Class</b>	<b>Principal activity</b>	<b>Proportion of voting rights and shares held %</b>
E Sub Limited	England and Wales	Ordinary	Dormant	100%

The Company is a wholly-owned subsidiary undertaking of a body incorporated in the European Union and advantage has been taken of S228 of the Companies Act 1985 in that consolidated accounts have not been prepared. The accounts present information about the Company as an individual undertaking.

<b>Other investments</b>	<b>2007 £000</b>	<b>2006 £000</b>
Unlisted investments	<u>21</u>	<u>21</u>

**6 Debtors**

	<b>2007 £000</b>	<b>2006 £000</b>
Amounts owed by group undertakings	83,963	83,963
Other debtors	34	34
	<u>83,997</u>	<u>83,997</u>

There are no formal agreements for the repayment of amounts due to or from group undertakings.

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

<b>7 Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	386	112
Amounts owed to group undertakings	104,031	103,131
	<u>104,417</u>	<u>103,243</u>

<b>8 Creditors amounts falling due after one year</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Other loans	<u>21</u>	<u>21</u>

**9 Provisions for liabilities**

	<b>£000</b>
At 1 January 2007	6,049
Additional provisions made during the period	1,000
Utilised during the year	(1,174)
At 31 December 2007	<u>5,875</u>

The provision represents pension administration costs and leasehold property liabilities in relation to the discontinued Powerhouse businesses. The provision for pension administration costs is expected to be utilised over the remaining life of the fund. The leasehold property liabilities are expected to be utilised over the next 3 years.

<b>10 Share capital</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>	<b>£000</b>	<b>£000</b>
Authorised				
Ordinary shares of £1 each	52,763,697	52,763,697	52,764	52,764
A Ordinary shares of £1 each	20,000,000	20,000,000	20,000	20,000
			<u>72,764</u>	<u>72,764</u>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>	<b>£000</b>	<b>£000</b>
Allotted, called up and fully paid				
Ordinary shares of £1 each	52,763,697	52,763,697	52,764	52,764
A Ordinary shares of £1 each	20,000,000	20,000,000	20,000	20,000
			<u>72,764</u>	<u>72,764</u>

The Ordinary Shares and the "A" Ordinary Shares are pari passu in all respects except that voting rights are in the ratio of 100:1 for every "A" share to every Ordinary Share.

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

<b>11 Share premium</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
At 1 January	58,662	58,662
At 31 December	<u>58,662</u>	<u>58,662</u>
 <b>12 Profit and loss account</b>	 <b>2007</b>	 <b>2006</b>
	<b>£000</b>	<b>£000</b>
At 1 January	(151,336)	(144,707)
Loss for the financial year	(1,087)	(4,215)
Actuarial losses	(324)	(3,448)
Tax on items taken directly to equity	91	1,034
At 31 December	<u>(152,656)</u>	<u>(151,336)</u>
 <b>13 Reconciliation of movement in shareholders' deficit</b>	 <b>2007</b>	 <b>2006</b>
	<b>£000</b>	<b>£000</b>
At 1 January	(19,910)	(13,281)
Loss for the financial year	(1,087)	(4,215)
Actuarial losses	(324)	(3,448)
Tax on items taken directly to equity	91	1,034
At 31 December	<u>(21,230)</u>	<u>(19,910)</u>

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

**14 Pensions**

The Company is the principal employer within the Powerhouse Retail Group of the Electricity Supply Pension scheme ("the Plan"), a funded defined benefit plan which provides benefits to certain former employees of the Company

The Company accounts for pensions under FRS 17 "Retirement benefits". The object of FRS 17 is to present the pension and other post-retirement benefit plans assets and liabilities at their fair value at the balance sheet date and to separate the charge for pensions benefits accruing to employees in the period from the expense relating to returns on the assets normally held and the cost of rectifying any past service deficit

The objective of the trustees in investing the assets of the Plan is to provide returns from its investments in the form of both income and capital growth to enable the liability requirements of the Plan to be met over the long-term future. Account has been taken of the maturity profile of the Plan in setting investment strategy with the policy that investment of the assets within the Plan is in fixed interest and index linked securities as a broad match for the pensioner liability. Although the trustees do not believe that it is practicable to set targets for the expected return on investments over a particular time period, the asset allocation selected is designed to achieve a higher return than the lowest risk strategy whilst maintaining a prudent approach to meeting the Plan's liabilities. The date of the most recent actuarial valuation of the plan is 31 March 2004

The major assumptions used to determine the liabilities on a FRS17 basis for the Plan as at 31 December 2007, 2006 and 2005 are set out below

	2007	2006	2005
	%	%	%
	per annum	per annum	per annum
Rate of general increase in salaries	4.60	4.50	4.25
Rate of increase to pensions in payment	3.10	3.00	2.75
Discount rate applied to plan liabilities	5.60	5.00	4.80
Inflation assumption	3.10	3.00	2.75

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

**14 Pensions continued**

The expected rates of returns and market values of the assets of the Plan were as follows

	2007 Expected long-term rate of return	2007 Market value	2006 Expected long-term rate of return	2006 Market value	2005 Expected long-term rate of return	2005 Market value
	%	£000	%	£000	%	£000
<b>Market value of assets</b>						
Equity Securities	7.00	33,542	7.00	38,639	7.00	40,901
Bond Securities	5.35	105,898	4.50	99,808	4.50	96,599
Other	5.00	592	5.00	725	5.00	400
Total	5.75	140,032	5.19	139,172	5.24	137,900
Present value of plan liabilities		(141,400)		(140,122)		(136,092)
Pension (deficit)/asset before deferred tax		(1,368)		(950)		1,808
Deferred tax		383		285		(542)
Net pension (deficit)/asset		<u>(985)</u>		<u>(665)</u>		<u>1,266</u>
					<b>2007</b>	<b>2006</b>
					<b>£000</b>	<b>£000</b>

The movement in the surplus/(deficit) in the Plan is analysed below

(Deficit)/Surplus in the Plan at start of year	(950)	1,808
Other finance income	(94)	690
Actuarial loss	(324)	(3,448)
(Deficit)/Surplus in the Plan at end of year	<u>(1,368)</u>	<u>(950)</u>

**Analysis of the amount credited to other finance income**

Expected return on pension scheme assets	7,004	7,070
Interest on pension scheme liabilities	(7,098)	(6,380)
Net return	<u>(94)</u>	<u>690</u>

**Analysis of the amount recognised in the statement of total recognised gains and (losses)**

Actual return less expected return on scheme assets	1,256	952
Experience losses arising on the plan liabilities	(3,581)	(632)
Changes in assumptions underlying the present value of the plan liabilities	2,001	(3,768)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(324)</u>	<u>(3,448)</u>

**CHB PHR LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2007**

**14 Pensions continued**

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>History of experience gains and (losses)</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between the actual and expected return on assets					
- Amount (£000)	1,256	952	8,469	2,864	4,750
- Percentage of plan assets (%)	0.9%	0.7%	6.1%	2.2%	4.0%
Experience gains/(losses) on plan liabilities					
- Amount (£000)	(3,581)	(632)	(65)	6,691	(1,400)
- Percentage of plan liabilities (%)	2.5%	(0.5%)	(0.0%)	5.3%	(1.0%)
Total amount recognised in statement of total recognised gains and losses					
- Amount (£000)	(324)	(3,448)	(1,706)	(3,004)	(1,524)
- Percentage of plan liabilities (%)	(0.2%)	(2.5%)	(1.3%)	(2.4%)	(1.1%)

**15 Group accounts**

The immediate parent undertaking of CHB PHR Limited is CHB Group Limited, a company registered in England and Wales and the ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group preparing consolidated group accounts which include CHB PHR Limited is HeidelbergCement AG for the year ended 31 December 2007.

Copies of the accounts of HeidelbergCement AG can be obtained from Berliner Strasse 6, D-69120 Heidelberg, Germany.

The Company has taken advantage of the exemption available to it in FRS 8 "Related Party Disclosures" from disclosing transactions with related parties that are part of the HeidelbergCement AG group.