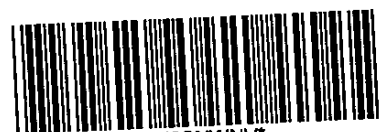


Registered number  
2670582

CHB PHR LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
in respect of the year ended  
31 December 2010

SATURDAY



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13/08/2011  
COMPANIES HOUSE

**CHB PHR LIMITED**  
**Directors, officers and professional advisors**

**Company No 2670582**

**Directors**

P J O'Shea  
D J Clarke  
D P Sharman  
J A Claydon  
J P Morrish  
B J Guyatt  
E A Gretton  
M Boone  
S Pirinccioglu

**Company Secretary**

R T V Tyson

**Auditors**

Ernst & Young LLP  
The Paragon Building  
Counterslip  
Bristol  
BS1 6BX

**Registered office**

Hanson House  
14 Castle Hill  
Maidenhead  
SL6 4JJ

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

Company No 2670582

The Directors present their report and audited financial statements for the year ended 31 December 2010

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006

**Principal activity**

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

**Results and dividends**

The loss for the year amounted to £275,000 (2009 loss - £1,038,000) and is dealt with in the profit and loss account. The Directors do not recommend the payment of a dividend for the year (2009 £nil)

**Future developments**

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

**Principal risks and uncertainties**

The Company's results arise 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 uncertainties, however, by the very nature of its trade the Company is indirectly exposed to similar risks and uncertainties to those faced by other group undertakings. Details of the principal risks and uncertainties facing the group headed by HeidelbergCement AG are disclosed in the financial statements of that Company.

**Directors**

The Directors currently in office are shown on page 1. Directors that served during the year, and to the date of this report, were as follows:

D J Clarke	(appointed 1 June 2011)
B J Guyatt	(resigned 1 June 2011)
C Leclercq	(resigned 31 March 2010)
E A Gretton	
M Boone	
D P Sharman	(appointed 24 March 2010)
J A Claydon	(appointed 24 March 2010)
J P Morrish	(appointed 24 March 2010)
P J O'Shea	(appointed 24 March 2010)
S Pirinccioglu	(appointed 19 July 2010)

**Directors' indemnity**

A fellow group undertaking has indemnified, by means of directors' and officers' liability insurance, one or more of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

**Directors' responsibilities**

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 of the company for that period. In preparing those 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 proper 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.

**Going Concern**

The Company is a holding company and its assets comprise investments in group undertakings and amounts receivable from group undertakings. In addition, the carrying value of the Company's investments in group undertakings is also supported by amounts receivable from group undertakings held by those entities. The recoverability of these assets is dependent on the financial position of the HeidelbergCement AG group, of which the Company is an indirect subsidiary.

The Directors, having assessed the responses of the management of the Company's ultimate parent HeidelbergCement AG to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the HeidelbergCement AG group to continue as a going concern.

On the basis of their assessment of the Company's financial position and of the enquiries made of the management of HeidelbergCement AG, the Company's 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.

**CHB PHR LIMITED**  
**Directors' Report (continued)**

Company No 2670582

**Disclosure of information to auditors**

The Directors who held office at the date of approval of this Report each confirm that, so far as they are aware, there is no relevant audit information 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

**Auditors**

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

By order of the Board



R T V Tyson  
Company Secretary

Date 20 July 2011

**INDEPENDENT AUDITOR'S REPORT  
to the members of CHB PHR LIMITED**

Company No 2670582

We have audited the financial statements of CHB PHR Limited for the year ended 31 December 2010, which comprise the Profit & Loss, Statement of Total Recognised Gains and Losses, Balance Sheet and related notes 1 to 20. 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).

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB'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 Directors' Report 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 the 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 2010 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 by the Company, 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*  
Jane Barwell

Senior Statutory Auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date *22 July 2011*

**CHB PHR LIMITED**  
**Profit and Loss Account**  
**for the year ended 31 December 2010**

Company No 2670582

	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
Administrative (expenses)/income		<u>(134)</u>	<u>494</u>
<b>Operating (loss)/profit</b>	<b>2</b>	<b>(134)</b>	<b>494</b>
Other finance costs	<b>5</b>	<b>(628)</b>	<b>(1,532)</b>
<b>Loss on ordinary activities before taxation</b>		<u><b>(762)</b></u>	<u><b>(1,038)</b></u>
Taxation on loss on ordinary activities	<b>6</b>	<b>487</b>	<b>-</b>
<b>Loss for the financial year</b>	<b>15</b>	<u><b>(275)</b></u>	<u><b>(1,038)</b></u>

All of the Company's results for the year arise from its continuing operations

There are no material differences between the loss on ordinary activities before taxation and loss for the year stated above and their historical cost equivalents

**CHB PHR LIMITED**

Company No 2670582

**Statement of total recognised gains and losses  
for the year ended 31 December 2010**

	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
Loss for the financial year		(275)	(1,038)
Actuarial gains/(losses) on defined benefit pension scheme	16	18,312	(8,555)
Movement on deferred tax relating to pension liability	6	(3,491)	(705)
Total recognised gains and (losses) related to the year		<u>14,546</u>	<u>(10,298)</u>



**CHB PHR LIMITED**  
**Balance Sheet**  
**at 31 December 2010**

Company No 2670582

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Investments	7	<u>6,071</u>	<u>6,071</u>
<b>Current assets</b>			
Debtors	8	84,468	83,994
<b>Creditors amounts falling due within one year</b>	10	<u>(114,737)</u>	<u>(111,232)</u>
<b>Net current liabilities</b>		<u>(30,269)</u>	<u>(27,238)</u>
<b>Total assets less current liabilities</b>		<u>(24,198)</u>	<u>(21,167)</u>
Provisions for liabilities	12	<u>(4,853)</u>	<u>(5,173)</u>
<b>Net liabilities excluding pension liability</b>		<u>(29,051)</u>	<u>(26,340)</u>
Defined benefit pension asset/(liability)	17	9,438	(7,819)
<b>Net liabilities</b>		<u>(19,613)</u>	<u>(34,159)</u>
<b>Capital and reserves</b>			
Called up share capital	13	72,764	72,764
Share premium	14	58,662	58,662
Profit and loss account	15	(151,039)	(165,585)
<b>Equity shareholders' deficit</b>	16	<u>(19,613)</u>	<u>(34,159)</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors and signed on their behalf by



D J Clarke  
Director

Date 20 July 2011

1 Accounting policies

**Accounting convention**

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

**Basis of preparation**

The financial statements have been prepared on the 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 and when they fall due

**Cash flow statement**

In accordance with FRS 1 (revised) the Company has not prepared a cash flow statement as it is a wholly owned subsidiary undertaking within the HeidelbergCement AG group

**Fixed asset investments**

Investments are stated at cost less provision for impairment

**Pension benefits**

The cost of providing benefits under the defined benefit plans is determined using the projected unit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating 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 income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status) less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

**Deferred tax**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred that will result in an obligation to pay more or right to pay less or to receive more tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets (and similar fair value adjustments), or gains on disposal of fixed assets only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However no provision is made when on the basis of all the available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax when the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Provisions for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions in respect of pension administration costs and onerous leases are charged against the profit and loss account when an obligation has been determined. The effect of the time value of money is material and therefore the provisions have been discounted using appropriate rates.

**Group financial statements**

No consolidated group financial statements have been prepared because at 31 December 2010, the Company was a wholly owned subsidiary undertaking of HeidelbergCement AG (incorporated in Germany) and thus satisfies the conditions for exemption under section 400 of the Companies Act 2006. These financial statements contain information about the Company as an individual undertaking and not its group.

**CHB PHR LIMITED**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2010**

Company No 2670582

**1 Accounting policies (continued)**

**Operating leases**

Rentals payable under operating leases are set against the onerous lease provision on a straight line basis over the lease term

**2 Operating (loss)/profit**

<b>2010</b>	<b>2009</b>
<b>£000</b>	<b>£000</b>

This is stated after charging/(crediting)

Provision for pension administration and onerous leases (note 12)

134	(494)
-----	-------

Auditors' remuneration

-	-
---	---

Fees for audit and non-audit services provided by Ernst and Young LLP to the Company have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the Company

**3 Staff costs**

There were no employees during the year (2009 nil)

**4 Directors' emoluments**

The Directors received no emoluments in respect of their services during the year (2009 £nil)

**5 Other finance costs**

<b>2010</b>	<b>2009</b>
<b>£000</b>	<b>£000</b>

Expected return on pension scheme assets (see note 17)

(7 529)	(6 088)
---------	---------

Interest on pension scheme liabilities (see note 17)

7,993	7 335
-------	-------

Provision discount unwind costs

184	285
-----	-----

Total other finance costs

828	1 532
-----	-------

**6 Taxation**

<b>2010</b>	<b>2009</b>
<b>£000</b>	<b>£000</b>

**a) Tax on loss on ordinary activities**

Current tax

UK corporation tax on loss of the year

-	-
---	---

Deferred tax

Effect of changes in tax rate

18	-
----	---

Deferred tax on pensions

(505)	-
-------	---

Tax (credit)/charge on loss on ordinary activities

(487)	-
-------	---

**b) Tax included in statement of total recognised gains and losses**

The tax charge is made up as follows

Current tax

UK corporation tax

-	-
---	---

Deferred tax

Actual loss on pension scheme

3 362	705
-------	-----

Effect of decreased tax rate of deferred tax balance

129	-
-----	---

Total tax charge

3 491	705
-------	-----

**CHB PHR LIMITED**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2010**

Company No 2670582

**6 Taxation (continued)**

	2010 £000	2009 £000
Loss on ordinary activities before taxation	(762)	(1 038)
Standard rate of corporation tax in the UK	28.0%	28.0%
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	(213)	(291)
Effects of		
Imputed interest	(210)	(187)
Short term timing differences	(935)	(153)
Group relief surrendered for nil charge	1 358	631
Current tax charge for the year	-	-

A potential deferred tax asset of £758 000 in 2009 in respect of short term timing differences was not recognised as it was uncertain when these differences would reverse

**c) Factors that may affect future tax charges**

Announcements were made to changes in the tax rates that will have an effect on future tax charges of the Company. From 1 April 2011 the rate of corporation tax was reduced from 28% to 26%, and from 1 April 2012 the rate will reduce from 26% to 25%. However, as at the balance sheet date the corporation tax change that had been substantively enacted was a reduction from 1 April 2011, in the rate from 28% to 27%. The impact of the additional reduction to 25% on the deferred tax balances is that the total liability would be reduced by £222 000 with the corresponding increase of £36 000 to the tax credit in the Profit and Loss account and a reduction of £258 000 to the tax charge in the Statement of Total Recognised Gains and Losses.

Further annual reductions of 1% from 1 April 2013 to reduce the rate to 23% have been announced but not substantively enacted. The impact of the reduction from 27% to 23% on the deferred tax balances is that the total liability would decrease by £445 000 with a corresponding increase of £72 000 to the tax credit in the Profit and Loss account and a reduction of £517 000 to the tax charge in the Statement of Total Recognised Gains and Losses.

**7 Investments**

	Investment in subsidiary undertaking £000	Unlisted investments £000	Total £000
Cost			
As at 1 January and 31 December 2010	6 050	21	6 071

The investments in which the Company directly held more than 20% of the nominal value of any class of share capital was as follows

Company	Country of registration	Shares held  Class	Principal activity	Proportion of voting rights and shares held %
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 section 400 of the Companies Act 2006 in that consolidated accounts have not been prepared. The accounts present information about the Company as an individual undertaking.

**8 Debtors**

	2010 £000	2009 £000
Due within one year		
Amounts owed by group undertakings	83 968	83 968
Other debtors	13	26
Deferred tax asset (see note 9)	487	-
	84 468	83 994

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**9 Deferred taxation**

	2010 £000	2009 £000
The movement in deferred taxation during the current year is as follows		
At 1 January	-	-
Released during the year	487	-
At 31 December	487	-
The balance of deferred tax asset is comprised of		
Short term timing difference	487	-

**CHB PHR LIMITED**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2010**

Company No 2670582

**10 Creditors amounts falling due within one year**

	2010	2009
	£000	£000
Bank loans and overdrafts	375	471
Other loans	21	21
Amounts owed to group undertakings	114,341	110,740
	<u>114,737</u>	<u>111,232</u>

Amounts owed to group undertakings are unsecured interest free and repayable on demand. Other loans are repayable on demand and interest is payable annually at 1% above base rate.

**11 Operating lease commitments**

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2010	2009
	£000	£000
<i>Operating leases which expire</i>		
In two to five years	64	65
In over five years	347	347
	<u>411</u>	<u>412</u>

**12 Provisions for liabilities**

	Pension administration costs	Onerous leases	Total
	£000	£000	£000
At 1 January 2010	4,429	744	5,173
Charge during the year	90	44	134
Unwinding of discount on provisions	86	78	164
Utilised during the year	(262)	(356)	(618)
	<u>4,343</u>	<u>510</u>	<u>4,853</u>
At 31 December 2010			

**Pension administration costs**

A provision has been recognised for the pension administration costs in relation to the defined benefit pension scheme. The administration fees are expected to be utilised over the life of the scheme. All amounts which are due in more than 12 months are discounted at a rate of 4.37% (2009: 5.6%).

**Onerous leases**

Provision has been made for onerous lease commitments and other attributable costs in relation to some properties. The provision will be utilised over the remaining life of the leases as detailed in note 11. All amounts which are due in more than 12 months are discounted using appropriate rates in line with the length of the leases. At the year end the discount rates used were between 1.58%-3.28% (2009: 2.22%-4.00%).

**13 Share capital**

	2010	2009	2010	2009
	No	No	£000	£000
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 rank *pari passu* in all respects except that on a poll the "A" ordinary shares carry 100 votes per share.

**14 Share premium**

	2010	2009
	£000	£000
At 1 January and 31 December 2010	<u>58,662</u>	<u>58,662</u>

**15 Profit and loss account**

	2010	2009
	£000	£000
At 1 January	(165,585)	(155,287)
Loss for the financial year	(275)	(1,038)
Actuarial gains/(losses) on pension scheme	18,312	(8,555)
Movement on deferred tax relating to pension liability (see note 6b)	(3,491)	(705)
	<u>(151,039)</u>	<u>(165,585)</u>
At 31 December		

**CHB PHR LIMITED**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2010**

Company No 2670582

**16 Reconciliation of movement in shareholders' deficit**

	2010 £000	2009 £000
At 1 January	(34 159)	(23 861)
Loss for the financial year	(275)	(1 038)
Actuarial gains/(losses) on pension scheme	18 312	(8 555)
Movement on deferred tax relating to pension liability (see note 6b)	(3,491)	(705)
At 31 December	<u>(19 613)</u>	<u>(34 159)</u>

**17 Pensions**

During the year the Company participated in the Electricity Supply Pension Scheme "the Scheme" and relevant employees are eligible for benefits under this funded Scheme, which is in the main of the defined benefit type. Funds are held externally under the supervision of the corporate trustee.

The valuation of the Scheme has been based on the most recent actuarial valuation at 31 March 2010 and was updated by Hewitt Associates Limited to take account of the requirements of FRS17 in order to assess the liabilities of the Scheme at 31 December 2010 and 31 December 2009. Scheme assets are stated at their market value at the respective balance sheet dates.

The assets and liabilities of the scheme at 31 December are

	Value at 31 December 2010 £000	Value at 31 December 2009 £000
<i>Scheme assets at fair value</i>		
Equities	43 118	37 624
Index linked gilts	83 791	57 587
Corporate bonds	21 963	43 604
Fair value of scheme assets	148 872	138 815
Present value of scheme liabilities	<u>(135,943)</u>	<u>(146 634)</u>
Defined pension scheme asset/ (liability)	12 929	(7,819)
Related deferred tax (liability)	<u>(3,491)</u>	<u>-</u>
Net asset/(liability)	<u>9 438</u>	<u>(7 819)</u>

The pension plan has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

**Profit and Loss account**

	2010 £000	2009 £000
Expected return on scheme assets	(7 529)	(6,088)
Interest on obligation	7 993	7 335
Other finance costs	<u>464</u>	<u>1 247</u>

**Statement of Total Recognised Gains and Losses**

	2010 £000	2009 £000
Actual return on scheme assets	15 070	12 090
Less expected return on scheme assets	<u>(7 529)</u>	<u>(6 088)</u>
	7 541	6 002
Other actuarial gains/(losses)	<u>10 771</u>	<u>(14 557)</u>
	<u>18 312</u>	<u>(8 555)</u>

17 Pensions (continued)

Main assumptions

	2010 %	2009 %	2008 %
Inflation assumption	3.25	3.40	2.80
Rate of increase to pensions in payment	3.12	3.40	8.80
Discount rate	5.30	5.60	5.70
Expected rates of return on scheme assets			
Equities	8.05	8.10	7.30
Indexed linked gilts	4.05	4.10	3.80
Corporate bonds	5.05	5.10	4.80
Other	5.05	5.10	4.80

The mortality assumptions for 31 December 2010 and 2009 are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live for a further 26.4 years (2009: 26.4 years) if they are male and for a further 29 years (2009: 28.5 years) if they are female. For a member who is currently 40 and will retire at age 50, the assumptions are that they will live on average for a further 38.0 years after retirement if they are male and for a further 39.40 years after retirement if they are female.

Rate of return approach

A building block approach is used to determine the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class has been set by directors following discussions with their advisors. The overall expected rate of return on assets is then derived by aggregating the expected return on each asset class over the actual asset allocation for the pension scheme at the beginning of the period.

Sensitivity analysis of scheme liabilities

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

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase 1%	Decrease 13%
	Decrease 1%	Increase 16%
Inflation assumptions	Increase 1%	Increase 13%
	Decrease 1%	Decrease 12%
Mortality	Increase 1 year	Increase 3%
	Decrease 1 year	Decrease 3%

Contributions to be paid to the defined benefit plan during 2011 are expected to be £2,900,000.

Changes to the present value of the defined benefit obligation during the year	2010 £000	2009 £000
Opening defined benefit obligation	146,634	132,509
Interest cost	7,993	7,335
Actuarial losses/(gains)	(10,771)	14,557
Benefits paid	(7,913)	(7,767)
Closing defined benefit obligation	135,943	146,634

Changes to the fair value of scheme assets during the year	2010 £000	2009 £000
Opening fair value of scheme assets	138,815	129,992
Expected return on scheme assets	7,529	6,088
Actuarial gains/(losses)	7,541	6,002
Contributions by the employer	2,900	4,500
Benefits paid	(7,913)	(7,767)
Closing fair value of scheme assets	148,872	138,815

17 Pensions (continued)

Amounts for current and previous four years	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Fair value of scheme assets	148,872	138,815	129,992	140,032	139,172
Defined benefit obligation	(135,943)	(146,634)	(132,509)	(141,400)	(140,122)
Surplus / (deficit) in plan	12,929	(7,819)	(2,517)	(1,368)	(950)
History of experience gains and losses	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Experience gains/(losses) on scheme assets	7,541	6,002	(11,993)	1,256	952
Experience gains/(losses) on scheme liabilities	12,290	(1,761)	(6,250)	(3,581)	(632)

18 Parent undertaking

The immediate parent undertaking is CHB Group 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.

19 Related party transactions

The Company has taken advantage of the exemption in FRS 8 Related Party Transactions not to disclose transactions with wholly owned subsidiaries in the group headed by HeidelbergCement AG.

20 Contingent liabilities

The Company was a member of guaranteed bank overdraft facilities with other group undertakings with a limit of £5,000,000. The total net overdrawn balance on these facilities at the balance sheet date was £nil.