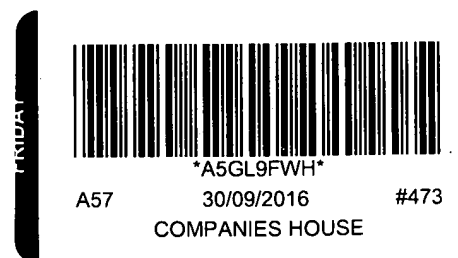


Registered number: 02670582

**CHB P H R LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**



**CHB P H R LIMITED**

**COMPANY INFORMATION**

<b>DIRECTORS</b>	N Benning-Prince D J Clarke R C Dowley E A Gretton
<b>COMPANY SECRETARY</b>	W F Rogers
<b>REGISTERED NUMBER</b>	02670582
<b>REGISTERED OFFICE</b>	Hanson House 14 Castle Hill Maidenhead SL6 4JJ
<b>INDEPENDENT AUDITOR</b>	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

# **CHB P H R LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**BUSINESS REVIEW**

The principal activities of the Company are that of a group investment holding company and being the principal employer of a defined benefit pension scheme.

During the year the Company incurred costs and paid interest in connection with the operation of a defined benefit pension scheme.

During the year the company adopted FRS 101 'Reduced Disclosure Framework' and has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, HeidelbergCement AG, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Transition tables showing material adjustments are disclosed in note 19.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's liability to the pension scheme is based on current third party actuarial advice and agreements with the scheme's trustees. However, the future liability that arises may be significantly different depending upon future mortality rates, inflation, the performance of the invested funds and other variables.

Outside of its obligations to the pension scheme 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 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.

This report was approved by the board on 23 September 2016 and signed on its behalf.



**N Benning-Prince**  
Director

## **CHB P H R LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The Directors present their report and the financial statements for the year ended 31 December 2015.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £304,000 (2014 - loss £738,000).

The Directors do not recommend the payment of a final dividend for the year (2014 - £nil).

#### **FUTURE DEVELOPMENTS**

The Directors anticipate that the Company will continue as a group investment holding company and to act as the principal employer of the defined benefit pension scheme 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 Company participates in the HCAG group's centralised treasury arrangements and so shares banking arrangements with HCAG group undertakings.

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 about 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  
R C Dowley  
E A Gretton  
J A Claydon (resigned 31 December 2015)  
P J O'Shea (resigned 31 December 2015)

#### **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.

**CHB P H R LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**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 that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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 auditors of the company.

This report was approved by the board on 23 September 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'N Benning-Prince', is written over the printed name.

**N Benning-Prince**  
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 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 AUDITORS' REPORT TO THE MEMBERS OF CHB P H R LIMITED**

We have audited the financial statements of CHB P H R Limited for the year ended 31 December 2015, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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, 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 2015 and of its profit 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 the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHB P H R LIMITED

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jane Barwell (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP, Statutory Auditor**

The Paragon  
Counterslip  
Bristol  
BS1 6BX

29 September 2016

**CHB P H R LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Note</b>	<b>2015 £000</b>	<b>2014 £000</b>
Administrative expenses		156	(283)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>156</b>	<b>(283)</b>
Interest payable and expenses	<b>6</b>	(210)	(268)
Other finance income		784	582
<b>Profit before taxation on ordinary activities</b>		<b>730</b>	<b>31</b>
Taxation on profit on ordinary activities	<b>8</b>	(426)	(769)
<b>Profit/(loss) for the year on ordinary activities</b>		<b>304</b>	<b>(738)</b>
<b>Other comprehensive income:</b>			
Actuarial (loss)/gain on defined benefit schemes		(419)	5,109
Movement of deferred tax relating to pension deficit		175	(1,022)
		(244)	4,087
<b>Total comprehensive income for the year</b>		<b>60</b>	<b>3,349</b>

All amounts relate to continuing operations.

The notes on pages 10 to 25 form part of these financial statements.

**BALANCE SHEET  
AS AT 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Investments	9	6,071	6,071
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	61,500	72,975
<b>Creditors: amounts falling due within one year</b>	11	(81,946)	(89,808)
<b>Net current liabilities</b>		(20,446)	(16,833)
<b>Total assets less current liabilities</b>		(14,375)	(10,762)
<b>Provisions for liabilities</b>			
Deferred taxation	12	(4,280)	(4,029)
Other provisions	13	(5,755)	(6,050)
<b>Net liabilities excluding pension asset</b>		(24,410)	(20,841)
Pension asset		23,773	20,144
<b>Net liabilities</b>		(637)	(697)
<b>Capital and reserves</b>			
Called up share capital	14	102,155	102,155
Share premium account		58,662	58,662
Profit and loss account		(161,454)	(161,514)
<b>Shareholders' deficit</b>		(637)	(697)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 September 2016.



**N Benning-Prince**  
Director

The notes on pages 10 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2015**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2015	102,155	58,662	(161,514)	(697)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	304	304
Actuarial losses on pension scheme	-	-	(419)	(419)
Deferred tax movements on pension scheme	-	-	175	175
<b>Other comprehensive income for the year</b>	-	-	(244)	(244)
<b>Total comprehensive income for the year</b>	-	-	60	60
<b>At 31 December 2015</b>	<b>102,155</b>	<b>58,662</b>	<b>(161,454)</b>	<b>(637)</b>

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2014**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2014	102,155	58,662	(164,863)	(4,046)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(738)	(738)
Actuarial gains on pension scheme	-	-	5,109	5,109
Deferred tax movements on pension scheme	-	-	(1,022)	(1,022)
<b>Other comprehensive income for the year</b>	-	-	4,087	4,087
<b>Total comprehensive income for the year</b>	-	-	3,349	3,349
<b>At 31 December 2014</b>	<b>102,155</b>	<b>58,662</b>	<b>(161,514)</b>	<b>(697)</b>

The notes on pages 10 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES**

**1.1 Statement of compliance with FRS 101**

CHB P H R 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) except when otherwise indicated.

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 and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

**1.2 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 transitioned from previously extant UK GAAP to FRS 101 for all periods presented. The changes to the previously stated equity as at 1 January 2014 and 31 December 2015 and the profit for the year ended 31 December 2014 as a result of the transition to FRS 101 are summarised in note 19.

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.

**1.3 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 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.

**1.4 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Operating leases: Lessee**

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

**1.6 Investments**

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

**1.7 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.8 Pensions**

The company operates a defined benefit pension scheme and the pension charge is based on the full actuarial valuation at 31 March 2013.

The cost of providing benefits under the defined benefit plan 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 immediately in the Statement of Comprehensive Income. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the scheme assets reflects the gain or loss which is recognised in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The difference between the expected return on scheme assets and the interest cost is recognised in the Statement of Comprehensive Income as other finance income or expenses.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each scheme 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 the fair-value of scheme 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.

**1.9 Interest income**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.10 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.

**1.11 Current and deferred tax**

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. 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.

**3. OPERATING PROFIT/(LOSS)**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
(Release)/increase in provision for pension administration and onerous leases	(171)	274
	<u>          </u>	<u>          </u>

**4. AUDITORS' REMUNERATION**

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

**5. 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 £1,002,837, which was paid by various 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2015 £000</b>	<b>2014 £000</b>
Loans from group undertakings	13	76
Unwinding of discount on provisions	197	192
	<u>210</u>	<u>268</u>

**7. OTHER FINANCE INCOME**

	<b>2015 £000</b>	<b>2014 £000</b>
Expected return on pension scheme assets	6,927	7,642
Interest on pension scheme liabilities	(6,143)	(7,060)
	<u>784</u>	<u>582</u>

**8. TAXATION**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Current income tax</b>		
Current UK Corporation tax on profit for the year	-	-
<b>Total current income tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	820	827
Changes to tax rates	(394)	(58)
<b>Total deferred tax</b>	<u>426</u>	<u>769</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8. TAXATION (continued)**

**RECONCILIATION OF THE TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%). The differences are explained below:

	<b>2015 £000</b>	<b>2014 £000</b>
Profit on ordinary activities before tax	730	31
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	148	7
<b>Effects of:</b>		
Changes to tax rates	(394)	(58)
Group relief	739	861
Transfer pricing adjustments	(67)	(41)
<b>Total tax charge for the year</b>	<b>426</b>	<b>769</b>

**CHANGE IN CORPORATION TAX RATE**

The UK corporation tax rate was reduced from 21% to 20% effective 1 April 2015. During the year, reductions in the main corporation tax rates were enacted that will have an effect on future tax charges of the Company. The main rate reduces from 20% to 19% on 1 April 2017 and to 18% on 1 April 2020. In addition, an announcement was made after the balance sheet date amending the reduction in the main rate of corporation tax on 1 April 2020 from 18% to 17%.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**9. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £000</b>	<b>Unlisted investments £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
At 1 January 2015	6,050	21	6,071
<b>At 31 December 2015</b>	<u>6,050</u>	<u>21</u>	<u>6,071</u>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<u>6,050</u>	<u>21</u>	<u>6,071</u>
At 31 December 2014	<u>6,050</u>	<u>21</u>	<u>6,071</u>
<b>SUBSIDIARY UNDERTAKINGS</b>			

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

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding %</b>	<b>Principal activity</b>
E Sub Limited	England and Wales	Ordinary	100 %	Dormant
Electricity Pensions Trustee Limited	England and Wales	Ordinary	4 %	Pension scheme trustee

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**10. DEBTORS**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Due within one year</b>		
Amounts owed by group undertakings	61,492	72,963
Other debtors	8	12
	<u>61,500</u>	<u>72,975</u>

Included within amounts owed by group undertakings is £1,493,000 (2014 - £nil) on which interest is receivable at the overnight LIBOR, the remaining amounts are interest free. Amounts owed by group undertakings are unsecured and repayable on demand.

**11. CREDITORS: Amounts falling due within one year**

	<b>2015 £000</b>	<b>2014 £000</b>
Other loans	21	21
Amounts owed to group undertakings	81,925	89,782
Accruals and deferred income	-	5
	<u>81,946</u>	<u>89,808</u>

Other loans are repayable on demand and interest is payable annually at 1% above base rate.

Included within amounts owed to group undertakings is £nil (2014 - £4,322,000) on which interest is payable at 2.5% above the overnight LIBOR; the remaining amounts owed to group undertakings are interest free. All amounts owed to group undertakings are unsecured and repayable on demand.

**CHB P H R LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**12. DEFERRED TAXATION**

	<b>Deferred tax £000</b>
At 1 January 2015	(4,029)
Charged to the profit or loss	(426)
Charged to other comprehensive income	175
<b>AT 31 DECEMBER 2015</b>	<b>(4,280)</b>

In respect of prior year:

	<b>Deferred tax £000</b>
At 1 January 2014	(2,238)
Charged to the profit or loss	(769)
Charged to other comprehensive income	(1,022)
<b>AT 31 DECEMBER 2014</b>	<b>(4,029)</b>

The provision for deferred taxation is made up as follows:

	<b>2015 £000</b>	<b>2014 £000</b>
Deferred tax on pension asset	(4,280)	(4,029)
	<b>(4,280)</b>	<b>(4,029)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**13. PROVISIONS**

	<b>Onerous lease provision £000</b>	<b>Pension admin costs £000</b>	<b>Total £000</b>
At 1 January 2015	171	5,879	6,050
Released in the year	(4)	(167)	(171)
Discounted adjustments	-	197	197
Utilised in year	(16)	(305)	(321)
<b>At 31 December 2015</b>	<b>151</b>	<b>5,604</b>	<b>5,755</b>

**Onerous lease**

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 15. The effect of discounting on amounts which are due in more than 12 months is not material therefore they have not been discounted.

**Pension admin 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 3.80% (2014: 3.60%).

**14. SHARE CAPITAL**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Authorised, allotted, called up and fully paid</b>		
82,154,924 Ordinary shares of £1 each	82,155	82,155
20,000,000 'A' Ordinary shares of £1 each	20,000	20,000
	<b>102,155</b>	<b>102,155</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**15. PENSION COMMITMENTS**

The Company operates a defined benefit pension scheme.

During the year, the Company participated in the Powerhouse section of 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 actuarial valuation at 31 March 2013 (2014 - draft actuarial valuation at 31 March 2013) and was updated by Aon Hewitt Limited to take account of the requirements of IAS 19 in order to assess the liabilities of the Scheme at 31 December 2015 and 31 December 2014. Scheme assets are stated at their market value at the respective balance sheet dates.

The amount recognised on the balance sheet is:

	<b>2015 £000</b>	<b>2014 £000</b>
Present value of funded obligations	(167,374)	(175,157)
Fair value of Scheme assets	191,147	195,301
Net asset	<u>23,773</u>	<u>20,144</u>

The amounts recognised in Statement of Comprehensive Income are as follows:

	<b>2015 £000</b>	<b>2014 £000</b>
Interest on obligation	(6,143)	(7,060)
Expected return on Scheme assets	6,927	7,642
	<u>784</u>	<u>582</u>
Actual return on scheme assets	<u>1,661</u>	<u>30,061</u>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2015 £000</b>	<b>2014 £000</b>
Opening defined benefit obligation	175,157	159,431
Interest cost	6,143	7,060
Actuarial (gains)/losses	(4,847)	17,310
Benefits paid	(9,079)	(8,644)
Closing defined benefit obligation	<u>167,374</u>	<u>175,157</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

Changes in the fair value of scheme assets were as follows:

	<b>2015 £000</b>	<b>2014 £000</b>
Opening fair value of Scheme assets	195,301	170,620
Expected return on assets	6,927	7,642
Actuarial gain/(loss) on assets	(5,266)	22,419
Contributions by employer	3,264	3,264
Benefits paid	(9,079)	(8,644)
	<u>191,147</u>	<u>195,301</u>

The Company expects to contribute £3,264,000 to its defined benefit pension scheme in 2016.

Scheme assets analysis at 31 December 2014:

	<b>2015 £000</b>	<b>2014 £000</b>
Equities	44,325	56,901
Index linked government bonds	129,290	122,204
Cash and cash equivalents	1,997	55
Corporate bonds	15,535	16,141
Total	<u>191,147</u>	<u>195,301</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<b>2015 %</b>	<b>2014 %</b>
Discount rate at 31 December	3.80	3.60
Future pension increases	2.43	3.30
Inflation	3.05	3.00

The mortality assumptions for 31 December 2015 and 2014 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 27.1 (2014: 27) years if they are male and for a further 29.5 (2014: 29.4 years) if they are female. For a member who retires in 2025 at age 60 the assumptions mean that they will live on average for a further 27.7 (2014: 27.7) years after retirement if they are male and for a further 30.1 (2014: 30) years after retirement if they are female.



**NOTES TO THE FINANCIAL STATEMENTS  
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Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	(167,374)	(175,157)	(159,431)	(146,953)	(145,425)
Scheme assets	191,147	195,301	170,620	165,053	162,516
Surplus	23,773	20,144	11,189	18,100	17,091
Experience adjustments on scheme liabilities	1,053	(141)	(10,205)	(2,183)	(7,504)
Experience adjustments on scheme assets	5,266	22,419	3,503	2,374	41,431

**Sensitivity analysis**

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

	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Increase / decrease 1%	Decrease 12% / increase 15%
Inflation assumption	Increase / decrease 1%	Increase 13% / decrease 10%
Mortality	Increase / decrease 1 year	Increase 5% / decrease 5%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**16. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2015 £000</b>	<b>2014 £000</b>
Not later than 1 year	368	368
Later than 1 year and not later than 5 years	1,135	1,360
Later than 5 years	501	644
<b>Total</b>	<b>2,004</b>	<b>2,372</b>

**17. 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:

	<b>2015 £000</b>	<b>2014 £000</b>
Amounts owed by ultimate parent undertaking	1,492	-
Amounts owed by fellow subsidiary undertakings	60,000	72,963
Amounts owed to ultimate parent undertaking	-	(4,322)
Amounts owed to subsidiary undertakings	(6,050)	(6,050)
Amounts owed to fellow subsidiary undertakings	(75,875)	(79,410)
	<b>(20,433)</b>	<b>(16,819)</b>

**18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's 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.

CHB P H R LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

19. FIRST TIME ADOPTION OF FRS 101

		As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 101 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Note							
	Fixed assets	6,071	-	6,071	6,071	-	6,071
	Current assets	72,981	-	72,981	72,975	-	72,975
	Creditors: amounts falling due within one year	(85,945)	-	(85,945)	(89,808)	-	(89,808)
	<b>Net current liabilities</b>	<b>(12,964)</b>	<b>-</b>	<b>(12,964)</b>	<b>(16,833)</b>	<b>-</b>	<b>(16,833)</b>
	<b>Total assets less current liabilities</b>	<b>(6,893)</b>	<b>-</b>	<b>(6,893)</b>	<b>(10,762)</b>	<b>-</b>	<b>(10,762)</b>
1	Provisions for liabilities and pension asset	(6,104)	11,189	5,085	(6,050)	20,144	14,094
2	Deferred taxation on pension asset	-	(2,238)	(2,238)	-	(4,029)	(4,029)
	<b>Net liabilities</b>	<b>(12,997)</b>	<b>8,951</b>	<b>(4,046)</b>	<b>(16,812)</b>	<b>16,115</b>	<b>(697)</b>
	Capital and reserves	(12,997)	8,951	(4,046)	(16,812)	16,115	(697)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**19. FIRST TIME ADOPTION OF FRS 101 (continued)**

		As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
	Note			
Administrative expenses		(283)	-	(283)
<b>Operating profit</b>		(283)	-	(283)
Interest payable and similar charges		(268)	-	(268)
Other finance income	1	-	582	582
Taxation	2	-	(769)	(769)
<b>Loss on ordinary activities after taxation and for the financial year</b>		<b>(551)</b>	<b>(187)</b>	<b>(738)</b>

Explanation of changes to previously reported profit and equity:

- 1 IAS 19 'Employee Benefits' measures the asset limit applied to pension surpluses on a different basis to UK GAAP. The carrying value under UK GAAP at transition to FRS 101 is recorded as the opening value and the asset restriction in the year ended 31 December 2014 has been reversed to the Statement of Comprehensive Income. The expected return on pension scheme assets is no longer restricted and has been recognised in the Statement of Comprehensive Income.
- 2 Further, this leads to a deferred taxation liability adjustment; the carrying value under UK GAAP at transition to FRS 101 is recorded as the opening value of the deferred taxation liability and a corresponding entry in brought forward reserves. A deferred tax impact has been recognised in the year ended 31 December 2014 and 2015 which is split between the Statement of Comprehensive Income and Other Comprehensive Income.