

Registered number: 02670582

**CHB P H R LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**



# **CHB P H R LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

N Benning-Prince (appointed 15 October 2013)  
M Boone  
D J Clarke  
J A Claydon  
R C Dowley (appointed 9 December 2013)  
E A Gretton  
P J O'Shea  
S Pirinccioglu (resigned 31 August 2013)  
D P Sharman (resigned 25 January 2013)  
R T V Tyson (appointed 25 February 2013)

### **COMPANY SECRETARY**

R T V Tyson

### **COMPANY NUMBER**

02670582

### **REGISTERED OFFICE**

Hanson House  
14 Castle Hill  
Maidenhead  
SL6 4JJ

### **AUDITOR**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

# **CHB P H R LIMITED**

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## **CHB P H R LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **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 paid and received interest and was the principal employer of a defined benefit pension scheme.

#### **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 6 August 2014 and signed on its behalf.



**R T V Tyson**  
**Secretary**

## **CHB P H R LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The Directors present their report and the financial statements for the year ended 31 December 2013.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £936,000 (2012 - loss £61,000).

The Directors do not recommend the payment of a dividend for the year (2012: £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 is a holding company and its assets comprise investments in a group undertaking and amounts receivable from group undertakings. In addition, the carrying value of the Company's investments in the group undertaking 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 medium term funding requirements of the pension scheme have been agreed with the pension trustees and have been included in the budget process and funding reviews. The Company is in discussions with its immediate parent about injecting further funds in the form of additional share capital.

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.

#### **DIRECTORS**

The Directors who served during the year were:

N Benning-Prince (appointed 15 October 2013)  
M Boone  
D J Clarke  
J A Claydon  
R C Dowley (appointed 9 December 2013)  
E A Gretton  
P J O'Shea  
S Pirinccioglu (resigned 31 August 2013)  
D P Sharman (resigned 25 January 2013)  
R T V Tyson (appointed 25 February 2013)

#### **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.

**CHB P H R LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 auditor of the Company.

This report was approved by the board on 6 August 2014 and signed on its behalf.



**R T V Tyson**  
Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHB P H R LIMITED**

We have audited the financial statements of CHB P H R Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 18. 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 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 2013 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**

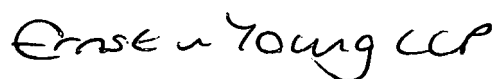
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## INDEPENDENT AUDITOR'S 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

7 August 2014

**CHB P H R LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
Administrative expenses		(778)	466
<b>OPERATING (LOSS)/PROFIT</b>	<b>2</b>	<b>(778)</b>	<b>466</b>
Interest receivable and similar income	4	6	3
Interest payable and similar charges	5	(164)	(305)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(936)</b>	<b>164</b>
Tax on (loss)/profit on ordinary activities	7	-	(225)
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>13</b>	<b>(936)</b>	<b>(61)</b>

All amounts relate to continuing operations.

The notes on pages 10 to 20 form part of these financial statements.

**CHB P H R LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(936)	(61)
Net actuarial (loss) related to pension scheme	15	(10,175)	(2,255)
Pension surplus not recognised	15	6,911	(1,009)
		<u>          </u>	<u>          </u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u><u>(4,200)</u></u>	<u><u>(3,325)</u></u>

The notes on pages 10 to 20 form part of these financial statements.

**CHB P H R LIMITED**  
**REGISTERED NUMBER: 02670582**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£000	2013 £000	2012 £000
<b>FIXED ASSETS</b>				
Investments	8		6,071	6,071
<b>CURRENT ASSETS</b>				
Debtors	9	72,981		75,887
<b>CREDITORS:</b> amounts falling due within one year	10	(85,945)		(85,184)
<b>NET CURRENT LIABILITIES</b>			(12,964)	(9,297)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(6,893)	(3,226)
<b>PROVISIONS FOR LIABILITIES</b>				
Provisions	11		(6,104)	(5,571)
<b>NET LIABILITIES</b>			(12,997)	(8,797)
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		102,155	102,155
Share premium account	13		58,662	58,662
Profit and loss account	13		(173,814)	(169,614)
<b>SHAREHOLDERS' DEFICIT</b>	14		(12,997)	(8,797)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 August 2014.



**N Benning-Prince**  
Director

The notes on pages 10 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

**1.2 Going concern**

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 that subject to unforeseen circumstances, it intends to continue to support the Company for the foreseeable future, in order that it can meet its liabilities as and when they fall due.

**1.3 Cash flow**

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**1.4 Investments**

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

**1.5 Deferred taxation**

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.6 Pensions**

The Company operates a defined benefits pension scheme and the pension charge is based on the actuarial valuation dated 31 March 2013.

The cost of providing benefits under the defined benefit scheme 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 on the balance sheet comprises 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. An asset is only recognised to the extent that it is deemed recoverable by the Company. The valuation of the scheme has been based on the actuarial valuation as at 31 March 2013.

**1.7 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.

**1.8 Operating leases**

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

**CHB P H R LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013****2. OPERATING PROFIT/(LOSS)**

This is stated after (crediting)/charging:

	<b>2013 £000</b>	<b>2012 £000</b>
Provision for pension administration and onerous lease (note 11)	778	(466)
Auditors remuneration	-	-
	<u>778</u>	<u>(466)</u>

Fees for audit and non-audit services provided 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**

The Company has no employees other than the Directors, who did not receive any remuneration (2012 - £nil).

**4. INTEREST RECEIVABLE**

	<b>2013 £000</b>	<b>2012 £000</b>
Interest receivable from group companies	6	3
	<u>6</u>	<u>3</u>

**5. INTEREST PAYABLE**

	<b>2013 £000</b>	<b>2012 £000</b>
On loans from group undertakings	2	141
Unwinding of discount on provisions	162	164
	<u>164</u>	<u>305</u>

**6. OTHER FINANCE INCOME**

	<b>2013 £000</b>	<b>2012 £000</b>
Expected return on pension scheme assets	6,424	6,638
Interest on pension scheme liabilities	(6,424)	(6,638)
	<u>-</u>	<u>-</u>

The expected return on the pension scheme assets has been restricted in the current and prior years to the expected interest cost, as the pension asset being recognised in the balance sheet has been restricted - see note 15.

**CHB P H R LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**7. TAXATION**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>Analysis of tax charge /(credit) in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	220
Effect of change in tax rate	-	5
<b>Total deferred tax</b>	<u>-</u>	<u>225</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u>-</u>	<u>225</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	<b>2013 £000</b>	<b>2012 £000</b>
(Loss)/profit on ordinary activities before tax	<u>(936)</u>	<u>164</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(218)	40
<b>Effects of:</b>		
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	(759)	-
Short term timing difference leading to an increase (decrease) in taxation	-	(1,021)
Group relief	1,020	1,106
Transfer pricing adjustments	(43)	(125)
<b>Current tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

During the year, further reductions in the main corporation tax rates were enacted that will have an effect on future tax charges of the Company. The rate reduces to 21% on 1 April 2014 and to 20% on 1 April 2015.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**8. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2013 and 31 December 2013	6,050	21	6,071
<b>Net book value</b>			
At 31 December 2013	6,050	21	6,071
At 31 December 2012	6,050	21	6,071

**Subsidiary undertakings**

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

<u>Name</u>	<u>Class of share</u>	<u>Holding</u>	<u>Business</u>	<u>Registered office</u>
E Sub Limited	Ordinary	100 %	Dormant	England and Wales

**9. DEBTORS**

	2013 £000	2012 £000
<b>Due within one year</b>		
Amounts owed by group undertakings	72,968	75,872
Other debtors	13	15
	<u>72,981</u>	<u>75,887</u>

Included within amounts owed by group undertakings is £nil (2012: £2,904,000) on which interest is receivable at the overnight LIBOR; the remaining amounts owed by group undertakings are interest free. Amounts owed by group undertakings are unsecured and repayable on demand.

# CHB P H R LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 10. CREDITORS: Amounts falling due within one year

	2013 £000	2012 £000
Other loans	21	21
Amounts owed to group undertakings	85,924	85,163
	<u>85,945</u>	<u>85,184</u>

Included within amounts owed to group undertakings is £674,000 (2012: £nil) 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. Other loans are repayable on demand and interest is payable annually at 1% above base rate.

### 11. PROVISIONS

	Onerous lease £000	Pension admin costs £000	Total £000
At 1 January 2013	260	5,311	5,571
Additions	50	727	777
Amounts used	(34)	(372)	(406)
Discounted adjustments	-	162	162
At 31 December 2013	<u>276</u>	<u>5,828</u>	<u>6,104</u>

#### 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 16. 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 3.50% (2012: 3.20%).

**CHB P H R LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**12. SHARE CAPITAL**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>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
	<u>102,155</u>	<u>102,155</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.

**13. RESERVES**

	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>
At 1 January 2013	58,662	(169,614)
Loss for the financial year	-	(936)
Pension reserve movement	-	(3,264)
At 31 December 2013	<u>58,662</u>	<u>(173,814)</u>

The closing balance on the Profit and loss account includes a £nil (2012 - £nil) credit, stated after deferred taxation of £nil (2012 - £nil), in respect of pension scheme liabilities of the Company pension scheme.

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	<b>2013 £000</b>	<b>2012 £000</b>
Opening shareholders' deficit	(8,797)	(34,863)
Loss for the financial year	(936)	(61)
Shares issued during the year	-	29,391
Other recognised gains and (losses) during the year	(3,264)	(3,264)
Closing shareholders' deficit	<u>(12,997)</u>	<u>(8,797)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 draft actuarial valuation at 31 March 2013 (2012: full actuarial valuation at 31 March 2010) and was updated by Aon Hewitt Limited to take account of the requirements of FRS17 in order to assess the liabilities of the Scheme at 31 December 2013 and 31 December 2012. Scheme assets are stated at their market value at the respective balance sheet dates.

The amount recognised on the Balance sheet is:

	<b>2013 £000</b>	<b>2012 £000</b>
Present value of funded obligations	(159,431)	(146,953)
Fair value of scheme assets	170,620	165,053
	<hr/>	<hr/>
Surplus in scheme	11,189	18,100
Surplus not recognised	(11,189)	(18,100)
	<hr/>	<hr/>
Net asset	-	-
	<hr/>	<hr/>

The amounts recognised in profit or loss are as follows:

	<b>2013 £000</b>	<b>2012 £000</b>
Interest on obligation	(6,424)	(6,638)
Expected return on scheme assets	6,424	6,638
	<hr/>	<hr/>
Total	-	-
	<hr/>	<hr/>
Actual return on scheme assets	10,814	7,739
	<hr/>	<hr/>

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

	<b>2013 £000</b>	<b>2012 £000</b>
Opening defined benefit obligation	146,953	145,425
Interest cost	6,424	6,638
Actuarial Losses	14,565	3,356
Benefits paid	(8,511)	(8,466)
	<hr/>	<hr/>
Closing defined benefit obligation	159,431	146,953
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**
**15. PENSION COMMITMENTS (continued)**

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

	<b>2013 £000</b>	<b>2012 £000</b>
Opening fair value of scheme assets	165,053	162,516
Expected return on assets	6,424	6,638
Actuarial gains	4,390	1,101
Contributions by employer	3,264	3,264
Benefits paid	(8,511)	(8,466)
	<u>170,620</u>	<u>165,053</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £2,461,000 (2012 - £12,636,000).

The Company expects to contribute £3,264,000 to its defined benefit pension scheme in 2014.

Scheme assets analysis at 31 December 2013:

	<b>2013 £000</b>	<b>2012 £000</b>
Equities	54,391	45,194
Index linked government bonds	94,652	97,359
Corporate bonds	<u>21,577</u>	<u>22,500</u>
Total	<u>170,620</u>	<u>165,053</u>

The expected return on the main classes are set out below:

	<b>2013</b>	<b>2012</b>
Equities	7.60 %	7.20 %
Index linked government bonds	3.60 %	2.70 %
Corporate bonds	4.60 %	4.10 %

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

	<b>2013</b>	<b>2012</b>
Discount rate at 31 December	4.55 %	4.50 %
Future pension increases	3.20 %	2.87 %
Inflation	3.35 %	2.95 %

The mortality assumptions for 31 December 2013 and 2012 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 26.9 (2012: 27.0) years if they are male and for a further 29.3 (2012: 28.8 years) if they are female. For a member who retires in 2022 at age 60 the assumptions mean that they will live on average for a further 27.6 (2012: 28.0) years after retirement if they are male and for a further 29.9 (2012: 29.8) 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 scheme 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.

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**15. PENSION COMMITMENTS (continued)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	<b>2013 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>
Defined benefit obligation	(159,431)	(146,953)	(145,425)	(135,943)	(146,634)
Scheme assets	170,620	165,053	162,516	148,872	138,815
Surplus/(deficit)	<u>11,189</u>	<u>18,100</u>	<u>17,091</u>	<u>12,929</u>	<u>(7,819)</u>
Experience adjustments on scheme liabilities	(10,358)	(2,182)	(1,575)	12,290	(1,761)
Experience adjustments on scheme assets	<u>4,390</u>	<u>1,101</u>	<u>8,957</u>	<u>7,541</u>	<u>6,002</u>

**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 14%
Inflation assumption	Increase / decrease 1%	Increase 11% / decrease 9%
Mortality	Increase / decrease 1 year	Increase 4% / decrease 4%

**16. OPERATING LEASE COMMITMENTS**

At 31 December 2013, the Company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2013 £000</b>	<b>2012 £000</b>
<b>Expiry date:</b>		
Within 1 year	-	64
After more than 5 years	<u>368</u>	<u>368</u>

**17. 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.

**CHB P H R LIMITED**

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**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.