

Registered number: 02670582

**CHB P H R LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

TUESDAY



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COMPANIES HOUSE

**CHB P H R LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

N Benning-Prince  
M Boone (resigned 12 December 2014)  
D J Clarke  
J A Claydon  
R C Dowley  
E A Gretton  
P J O'Shea  
R T V Tyson (resigned 12 December 2014)

**COMPANY SECRETARY**

R T V Tyson

**REGISTERED NUMBER**

02670582

**REGISTERED OFFICE**

Hanson House  
14 Castle Hill  
Maidenhead  
SL6 4JJ

**INDEPENDENT AUDITOR**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

# **CHB P H R LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5 - 6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Statement of total recognised gains and losses</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 - 20</b>

**CHB P H R LIMITED**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**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.

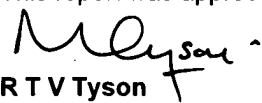
During the year the Company incurred costs and paid interest in connection with the operation of a defined benefit pension scheme.

**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 9 July 2015 and signed on its behalf.

  
R T V Tyson  
Secretary

## **CHB P H R LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The Directors present their report and the financial statements for the year ended 31 December 2014.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £551,000 (2013 - loss £936,000).

The Directors do not recommend the payment of a final dividend for the year (2013: £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  
M Boone (resigned 12 December 2014)  
D J Clarke  
J A Claydon  
R C Dowley  
E A Gretton  
P J O'Shea  
R T V Tyson (resigned 12 December 2014)

#### **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.

The articles of association also provide for the directors to be indemnified by the Company subject to the provisions of the Companies Act 2006.

**CHB P H R LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**DISCLOSURE OF INFORMATION TO AUDITOR**

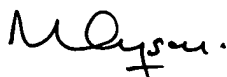
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- 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 9 July 2015 and signed on its behalf.



**R T V Tyson**  
Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014, 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 2014 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.

*Ernst & Young LLP*

Jane Barwell (Senior statutory auditor)

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

The Paragon  
Counterslip  
Bristol  
BS1 6BX

14 July 2015

**CHB P H R LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Note</b>	<b>2014 £000</b>	<b>2013 £000</b>
Administrative expenses		(283)	(778)
<b>OPERATING LOSS</b>	<b>2</b>	<b>(283)</b>	<b>(778)</b>
Interest receivable and similar income	<b>4</b>	-	6
Interest payable and similar charges	<b>5</b>	(268)	(164)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(551)</b>	<b>(936)</b>
Tax on loss on ordinary activities	<b>7</b>	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>13</b>	<b>(551)</b>	<b>(936)</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 2014**

	<b>Note</b>	<b>2014 £000</b>	<b>2013 £000</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(551)	(936)
Net actuarial gain/(loss) related to pension scheme	15	5,691	(10,175)
Pension (deficit)/surplus not recognised	15	<u>(8,955)</u>	<u>6,911</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u><u>(3,815)</u></u>	<u><u>(4,200)</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 2014**

	Note	£000	2014 £000	£000	2013 £000
<b>FIXED ASSETS</b>					
Investments	8		6,071		6,071
<b>CURRENT ASSETS</b>					
Debtors	9	72,975		72,981	
<b>CREDITORS:</b> amounts falling due within one year	10	(89,808)		(85,945)	
<b>NET CURRENT LIABILITIES</b>			(16,833)		(12,964)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(10,762)		(6,893)
<b>PROVISIONS FOR LIABILITIES</b>					
Provisions	11		(6,050)		(6,104)
<b>NET LIABILITIES</b>			(16,812)		(12,997)
<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		(177,629)		(173,814)
<b>SHAREHOLDERS' DEFICIT</b>	14		(16,812)		(12,997)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 July 2015.



**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 2014**

**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 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.

**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 tax 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 available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled into replacement assets and charged to tax only when the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 2014**

**1. ACCOUNTING POLICIES (continued)**

**1.6 Pensions**

The Company operates a defined benefits pension scheme and the pension charge is based on a full 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. If the effect of the time value of money is material 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 2014****2. OPERATING LOSS**

This is stated after charging:

	<b>2014 £000</b>	<b>2013 £000</b>
Provision for pension administration and onerous lease (note 11)	283	778
Auditors remuneration	-	-

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 (2013 - £nil).

**4. INTEREST RECEIVABLE**

	<b>2014 £000</b>	<b>2013 £000</b>
Interest receivable from group companies	-	6

**5. INTEREST PAYABLE**

	<b>2014 £000</b>	<b>2013 £000</b>
On loans from group undertakings	76	2
Unwinding of discount on provisions	192	162
	<b>268</b>	<b>164</b>

**6. OTHER FINANCE INCOME**

	<b>2014 £000</b>	<b>2013 £000</b>
Expected return on pension scheme assets	7,060	6,424
Interest on pension scheme liabilities	(7,060)	(6,424)
	<b>-</b>	<b>-</b>

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 2014**

**7. TAXATION**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax charge on loss for the year	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	(551)	(936)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	(118)	(218)
<b>Effects of:</b>		
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	(702)	(759)
Group relief	861	1,020
Transfer pricing adjustments	(41)	(43)
<b>Current tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

The main rate of corporation tax of 21% reduces to 20% on 1 April 2015.



**CHB P H R LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2014 and 31 December 2014	6,050	21	6,071
<b>Net book value</b>			
At 31 December 2014	6,050	21	6,071
At 31 December 2013	6,050	21	6,071

**Subsidiary undertakings**

The investments in which the Company directly held 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
Electricity Pensions Trustee Limited	Ordinary	4 %	Pension scheme trustee	England and Wales

**9. DEBTORS**

	2014 £000	2013 £000
<b>Due within one year</b>		
Amounts owed by group undertakings	72,963	72,968
Other debtors	12	13
	<u>72,975</u>	<u>72,981</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**10. CREDITORS:**  
**Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Other loans	21	21
Amounts owed to group undertakings	89,782	85,924
Accruals and deferred income	5	-
	<u>89,808</u>	<u>85,945</u>

Included within amounts owed to group undertakings is £4,322,000 (2013: £674,000) 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. Other loans are repayable on demand and interest is payable annually at 1% above base rate.

**11. PROVISIONS**

	<b>Onerous lease £000</b>	<b>Pension admin costs £000</b>	<b>Total £000</b>
At 1 January 2014	276	5,828	6,104
Additions	5	269	274
Amounts used	(110)	(410)	(520)
Discounted adjustments	-	192	192
At 31 December 2014	<u>171</u>	<u>5,879</u>	<u>6,050</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 3.60% (2013: 3.50%).

**CHB P H R LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. SHARE CAPITAL**

	<b>2014 £000</b>	<b>2013 £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 2014	58,662	(173,814)
Loss for the financial year	-	(551)
Pension reserve movement	-	(3,264)
At 31 December 2014	<u>58,662</u>	<u>(177,629)</u>

The closing balance on the Profit and loss account includes a £nil (2013 - £nil) credit, stated after deferred taxation of £nil (2013 - £nil), in respect of pension scheme liabilities of the Company pension scheme.

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

	<b>2014 £000</b>	<b>2013 £000</b>
Opening shareholders' deficit	(12,997)	(8,797)
Loss for the financial year	(551)	(936)
Other recognised losses during the year	(3,264)	(3,264)
Closing shareholders' deficit	<u>(16,812)</u>	<u>(12,997)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**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 (2013: draft actuarial valuation at 31 March 2013) 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 2014 and 31 December 2013. Scheme assets are stated at their market value at the respective balance sheet dates.

The amount recognised on the Balance sheet is:

	<b>2014 £000</b>	<b>2013 £000</b>
Present value of funded obligations	(175,157)	(159,431)
Fair value of scheme assets	195,301	170,620
	<hr/>	<hr/>
Surplus in scheme	20,144	11,189
Surplus not recognised	(20,144)	(11,189)
	<hr/>	<hr/>
Net asset	-	-
	<hr/>	<hr/>

The amounts recognised in profit or loss are as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
Interest on obligation	(7,060)	(6,424)
Expected return on scheme assets	7,060	6,424
	<hr/>	<hr/>
Total	-	-
	<hr/>	<hr/>
Actual return on scheme assets	30,061	10,814
	<hr/>	<hr/>

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

	<b>2014 £000</b>	<b>2013 £000</b>
Opening defined benefit obligation	159,431	146,953
Interest cost	7,060	6,424
Actuarial Losses	17,310	14,565
Benefits paid	(8,644)	(8,511)
	<hr/>	<hr/>
Closing defined benefit obligation	175,157	159,431
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**15. PENSION COMMITMENTS (continued)**

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

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	170,620	165,053
Expected return on assets	7,060	6,424
Actuarial gains	23,001	4,390
Contributions by employer	3,264	3,264
Benefits paid	(8,644)	(8,511)
	<u>195,301</u>	<u>170,620</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £8,152,000 (2013 - £2,461,000).

The Company expects to contribute £3,395,000 to its defined benefit pension scheme in 2015.

Scheme assets analysis at 31 December 2014:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Equities	56,901	54,391
Index linked government bonds	122,204	94,652
Corporate bonds	<u>16,196</u>	<u>21,577</u>
Total	<u>195,301</u>	<u>170,620</u>

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

	<b>2014</b>	<b>2013</b>
Equities	7.10 %	7.60 %
Index linked government bonds	1.60 %	3.60 %
Corporate bonds	3.30 %	4.60 %

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

	<b>2014</b>	<b>2013</b>
Discount rate at 31 December	3.60 %	4.55 %
Future pension increases	3.30 %	3.20 %
Inflation	3.00 %	3.35 %

The mortality assumptions for 31 December 2014 and 2013 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 (2013: 26.9) years if they are male and for a further 29.4 (2013: 29.3 years) if they are female. For a member who retires in 2024 at age 60 the assumptions mean that they will live on average for a further 27.7 (2013: 27.6) years after retirement if they are male and for a further 30 (2013: 29.9) 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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**
**15. PENSION COMMITMENTS (continued)**

actual asset allocation for the pension scheme at the beginning of the period.

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

Defined benefit pension schemes

	<b>2014 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>	<b>2010 £000</b>
Defined benefit obligation	(175,157)	(159,431)	(146,953)	(145,425)	(135,943)
Scheme assets	195,301	170,620	165,053	162,516	148,872
Surplus	<u>20,144</u>	<u>11,189</u>	<u>18,100</u>	<u>17,091</u>	<u>12,929</u>
Experience adjustments on scheme liabilities	(141)	(10,358)	(2,182)	(1,575)	12,290
Experience adjustments on scheme assets	<u>23,001</u>	<u>4,390</u>	<u>1,101</u>	<u>8,957</u>	<u>7,541</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 15%
Inflation assumption	Increase / decrease 1%	Increase 13% / decrease 10%
Mortality	Increase / decrease 1 year	Increase 5% / decrease 5%

**16. OPERATING LEASE COMMITMENTS**

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2014 £000</b>	<b>2013 £000</b>
<b>Expiry date:</b>		
Between 2 and 5 years	225	-
After more than 5 years	<u>143</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**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **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.