

Registered number: 02670582

# **CHB P H R LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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COMPANIES HOUSE

**CHB P H R LIMITED**

**COMPANY INFORMATION**

|                  |  |
|------------------|--|
| <b>Directors</b> | N Benning-Prince<br>R C Dowley<br>E A Gretton<br>Dr C M Wendt (resigned 6 September 2021)<br>A Quilez Somolinos (appointed 6 September 2021) |
|------------------|--|

|                          |            |
|--------------------------|------------|
| <b>Company secretary</b> | W F Rogers |
|--------------------------|------------|

|                          |          |
|--------------------------|----------|
| <b>Registered number</b> | 02670582 |
|--------------------------|----------|

|                          |   |
|--------------------------|---|
| <b>Registered office</b> | Hanson House<br>14 Castle Hill<br>Maidenhead<br>SL6 4JJ |
|--------------------------|---|

|                             |   |
|-----------------------------|---|
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>2 Glass Wharf<br>Bristol<br>BS2 0FR |
|-----------------------------|---|

## **CHB P H R LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

**Principal activities and 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 received interest in connection with the operation of a defined benefit pension scheme.

**Principal risks and uncertainties**

The Company participates in the Powerhouse section of the Electricity Supply Pension Scheme ("ESPS"), (the "Scheme"). The ESPS is a sectionalised multi-employer pension scheme with assets and liabilities allocated explicitly to each participating employer. The Company is only responsible for the obligations arising from the Powerhouse section and not for the obligations arising from any other entity's participation in the ESPS. Relevant employees are eligible for benefits under this funded scheme, which is, in the main, of the defined benefit type scheme. The Company's liability to the Scheme is based on current third party actuarial advice and agreements with the Scheme's trustees.

Results under IAS 19 can change dramatically depending on market conditions, and will lead to volatility in Other Comprehensive Income and the net pension asset on the Company's Balance Sheet. The actuarial assumptions have been set so that they represent a best estimate of future experience from the Scheme. In practice, the true costs for the Scheme could be different to those shown.

The Scheme exposes the Company to a number of risks, the most significant of which are:

- Asset volatility - the Scheme holds a significant proportion of growth assets, which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.
- Changes in bond yields - A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
- Inflation risk - A significant proportion of the Scheme's benefits are linked to inflation so although the majority of the assets are either unaffected by or only loosely correlated with inflation, an increase in inflation will also increase the Scheme's liabilities.
- Life expectancy - The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Scheme's liabilities.

Outside of its obligations to the 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 activities 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.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,184,000 (2020 - profit £36,000).

Other Comprehensive Income amounted to a profit of £7,967,000 (2020 - loss £6,158,000).

The Directors do not recommend the payment of a final dividend for the year (2020 - £nil).

**Future developments**

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

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Going concern**

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, HeidelbergCement AG ("HCAG"), which indirectly owns the Company's entire share capital, has committed to continue to support the Company for a period of no less than 12 months from the date of approval of the financial statements, in order that it can meet its liabilities as they fall due.

The Directors have considered and satisfied themselves that HCAG is able to make the commitments it has made to the Company. In doing this, the Directors have noted that HCAG has made an assessment of the impact of the Ukraine crisis. Whilst HCAG is not able to make a reliable forecast of the overall impact as a result of the Ukraine crisis, its financial statements for the year ended 31 December 2021 continue to be prepared on a going concern basis, whilst recognising that there will be volatility in energy markets ahead.

Thus the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements..

**Directors**

The Directors who served during the year and up to the date of signing the financial statements were:

N Benning-Prince  
R C Dowley  
E A Gretton  
Dr C M Wendt (resigned 6 September 2021)  
A Quilez Somolinos (appointed 6 September 2021)

**Directors' indemnity**

HeidelbergCement AG 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.

**Disclosure of information to auditors**

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

**Independent auditors**

PricewaterhouseCoopers LLP having indicated their willingness to act will continue in office, as auditors of the Company, in accordance with section 487 of the Companies Act 2006.

**CHB P H R LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Strategic Report exemption**

The Company has taken advantage of section 414B of the Companies Act 2006 not to prepare a Strategic Report.

This report was approved by the board on 12 May 2022 and signed on its behalf.

A handwritten signature in black ink, reading "Wendy F Rogers". The signature is written in a cursive, flowing style.

**W F Rogers**  
Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 United Kingdom 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

The Responsibilities Statement was approved by the board on 12 May 2022 and signed on its behalf.



**W F Rogers**  
Secretary

# Report on the audit of the financial statements

## Opinion

In our opinion, CHB P H R Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.



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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Inquiries of management in respect of any known or suspected instances of non compliance with laws and regulations and fraud

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

CHB P H R LIMITED

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

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

*Stuart Couch*

Stuart Couch (Senior statutory auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
Date: 16 May 2022

**CHB P H R LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

|   | <b>Note</b> | <b>2021<br/>£000</b> | <b>2020<br/>£000</b>  |
|---|-------------|----------------------|-----------------------|
| Administrative expenses   |             | 2                    | 524                   |
| <b>Operating profit</b>   |             | <u>2</u>             | <u>524</u>            |
| Interest receivable and similar income                          | 5           | 122                  | -                     |
| Interest payable and expenses                                   | 6           | (94)                 | (830)                 |
| Finance income  | 7           | 648                  | 1,116                 |
| <b>Profit before tax</b>  |             | <u>678</u>           | <u>810</u>            |
| Tax on profit   | 8           | (1,862)              | (774)                 |
| <b>(Loss)/profit for the financial year</b>                     |             | <u>(1,184)</u>       | <u>36</u>             |
| <b>Other comprehensive income/(expense):</b>                    |             |                      |                       |
| <b>Items that will not be reclassified to profit or loss:</b>   |             |                      |                       |
| Actuarial gain/(loss) on defined benefit schemes                | 14          | 12,279               | (6,921)               |
| Movements of deferred tax relating to pension (deficit)/surplus |             | (4,312)              | 763                   |
|   |             | <u>7,967</u>         | <u>(6,158)</u>        |
| <b>Total comprehensive income/(loss) for the year</b>           |             | <u><u>6,783</u></u>  | <u><u>(6,122)</u></u> |

All amounts relate to continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

|  | Note | 2021<br>£000    | 2020<br>£000    |
|--|------|-----------------|-----------------|
| <b>Fixed assets</b>                            |      |                 |                 |
| Investments                                    | 9    | 6,071           | 6,071           |
| Pension asset                                  | 14   | 62,707          | 50,013          |
|  |      | <u>68,778</u>   | <u>56,084</u>   |
| <b>Current assets</b>                          |      |                 |                 |
| Debtors: amounts falling due within one year   | 10   | 60,000          | 60,000          |
| Creditors: amounts falling due within one year | 11   | (86,833)        | (86,686)        |
| <b>Net current liabilities</b>                 |      | <u>(26,833)</u> | <u>(26,686)</u> |
| <b>Total assets less current liabilities</b>   |      | <u>41,945</u>   | <u>29,398</u>   |
| <b>Provisions for liabilities</b>              |      |                 |                 |
| Deferred taxation                              | 12   | (15,676)        | (9,502)         |
| Other provisions                               | 13   | (5,955)         | (6,365)         |
|  |      | <u>(21,631)</u> | <u>(15,867)</u> |
| <b>Net assets</b>                              |      | <u>20,314</u>   | <u>13,531</u>   |
| <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                        |      | (140,503)       | (147,286)       |
| <b>Total equity</b>                            |      | <u>20,314</u>   | <u>13,531</u>   |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2022.



**N Benning-Prince**  
Director

The notes on pages 12 to 26 form part of these financial statements.

**CHB P H R LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | <b>Called up<br/>share capital<br/>£000</b> | <b>Share<br/>premium<br/>account<br/>£000</b> | <b>Profit and<br/>loss account<br/>£000</b> | <b>Total equity<br/>£000</b> |
|--|---|---|---|------------------------------|
| <b>At 1 January 2020</b>                                   | 102,155                                     | 58,662  | (141,164)                                   | 19,653                       |
| <b>Comprehensive expense for the year</b>                  |   |   |   |                              |
| Profit for the year  | -   | -   | 36  | 36                           |
| Actuarial losses on pension scheme, net of<br>deferred tax | -   | -   | (6,158)                                     | (6,158)                      |
| <b>Total comprehensive expense for the year</b>            | -   | -   | (6,122)                                     | (6,122)                      |
| <b>At 1 January 2021</b>                                   | 102,155                                     | 58,662  | (147,286)                                   | 13,531                       |
| <b>Comprehensive income for the year</b>                   |   |   |   |                              |
| Loss for the year  | -   | -   | (1,184)                                     | (1,184)                      |
| Actuarial gains on pension scheme, net of deferred<br>tax  | -   | -   | 7,967                                       | 7,967                        |
| <b>Total comprehensive income for the year</b>             | -   | -   | 6,783                                       | 6,783                        |
| <b>At 31 December 2021</b>                                 | 102,155                                     | 58,662  | (140,503)                                   | 20,314                       |

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies**

**1.1 General information**

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.

**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'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).

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.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 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 and 18A 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

This information is included in the consolidated financial statements of HeidelbergCement AG as at 31 December 2021 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies (continued)**

**1.4 Going concern**

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking, HeidelbergCement AG ("HCAG"), which indirectly owns the Company's entire share capital, has committed to continue to support the Company for a period of no less than 12 months from the date of approval of the financial statements, in order that it can meet its liabilities as they fall due.

The Directors have considered and satisfied themselves that HCAG is able to make the commitments it has made to the Company. In doing this, the Directors have noted that HCAG has made an assessment of the impact of the Ukraine crisis. Whilst HCAG is not able to make a reliable forecast of the overall impact as a result of the Ukraine crisis, its financial statements for the year ended 31 December 2021 continue to be prepared on a going concern basis, whilst recognising that there will be volatility in energy markets ahead.

Thus the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.5 Financial instruments**

**Financial assets**

Financial assets are initially measured at fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs.

The Company's financial assets comprise amounts owed by group undertakings and other receivables.

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Equity instruments at fair value through other comprehensive income**

On initial recognition of an investment in equity instrument, the Company may make an irrevocable election to designate the financial assets as at fair value through other comprehensive income, providing that it is not held for trading nor is it contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies (continued)**

**1.5 Financial instruments (continued)**

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The ECL required for other debt instruments is determined using a three stage model.

At the initial recognition of the financial asset an expected credit loss provision is recorded for the twelve month period following the reporting date. Any interest revenue is calculated on the gross carrying amount of the financial asset.

If the credit risk of that financial instrument has increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is recorded. Any interest revenue is calculated on the gross carrying amount of the financial asset. Should the significant increase in credit risk reverse within subsequent reporting periods then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the twelve month expected credit losses.

If objective evidence of impairment exists, a loss allowance for full lifetime expected credit losses is recognised. Any interest revenue is calculated on the net carrying amount of the financial asset.

**Financial liabilities**

Financial liabilities are initially measured at fair value and, in the case of loans and borrowing and payables, net of directly attributable transactions costs.

The Company's financial liabilities include amounts owed to group undertakings and other payables.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**1.6 Investments**

Investments in subsidiaries are held at historical cost less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies (continued)**

**1.7 Finance costs**

Finance costs are charged to profit or loss 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 Interest income**

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

**1.9 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year which they are incurred.

**1.10 Pensions**

The Company operates a defined benefit pension scheme and the pension charge is based on the full actuarial valuation at 31 March 2019.

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.

**1.11 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 profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies (continued)**

**1.12 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Judgments in applying accounting policies and key sources of estimation uncertainty  
(continued)**

**Recoverability of amounts owed by group undertakings**

The Company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

**Estimating the defined benefits pension scheme obligations**

Measurement of defined benefit pension obligations requires estimation of future changes in inflation and mortality rates, and the selection of a suitable discount rate. See note 14 for further details.

**3. Auditors' remuneration**

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

**4. Staff costs**

The average monthly number of employees, including the Directors, during the year was nil (2020 - nil).

The Directors of the Company are also Directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £1,063,000 (2020 - £918,000), 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.

**5. Interest receivable**

|                           | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---------------------------|----------------------|----------------------|
| Other interest receivable | 122                  | -                    |
|                           | <u>122</u>           | <u>-</u>             |

**6. Interest payable and similar expenses**

|                               | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|-------------------------------|----------------------|----------------------|
| Other interest payable        | 81                   | 812                  |
| Loans from group undertakings | 13                   | 18                   |
|                               | <u>94</u>            | <u>830</u>           |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. Other finance income**

|   | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---|----------------------|----------------------|
| Net interest on net defined benefit asset | 648                  | 1,116                |

**8. Tax**

|   | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---|----------------------|----------------------|
| <b>Current Income tax</b>                         |                      |                      |
| Current UK corporation tax on profit for the year | -                    | -                    |
| <b>Total current tax</b>                          | -                    | -                    |
| <b>Deferred tax</b>                               |                      |                      |
| Origination and reversal of timing differences    | 1,862                | 774                  |
| <b>Total deferred tax</b>                         | 1,862                | 774                  |
| <b>Taxation on profit on ordinary activities</b>  | 1,862                | 774                  |

**Reconciliation of the tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

|  | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|--|----------------------|----------------------|
| Profit on ordinary activities before tax   | 678                  | 810                  |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 129                  | 154                  |
| <b>Effects of:</b>   |                      |                      |
| Short-term timing difference leading to an increase (decrease) in taxation                                 | 1,783                | 564                  |
| Group relief   | (33)                 | 82                   |
| Transfer pricing adjustments   | (17)                 | (26)                 |
| <b>Total tax charge for the year</b>   | 1,862                | 774                  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. Tax (continued)**

**Change in corporation tax rate**

The main rate of corporation tax increases from 19% to 25% on 1 April 2023.

Deferred tax has been recognised at 25% (2020 - 19%), being the enacted main rate of corporation tax at the balance sheet date on which the deferred tax asset/liability is expected to be realised/settled.

**9. Fixed asset investments**

|  | Investments<br>in<br>subsidiary<br>company<br>£000 | Unlisted<br>investment<br>£000 | Total<br>£000 |
|--|--|--------------------------------|---------------|
| <b>Cost</b>                            |  |                                |               |
| At 1 January 2021 and 31 December 2021 | 6,050  | 21                             | 6,071         |
|  | <hr/>  | <hr/>                          | <hr/>         |
| <b>Net book value</b>                  |  |                                |               |
| At 31 December 2021                    | 6,050  | 21                             | 6,071         |
|  | <hr/>  | <hr/>                          | <hr/>         |
| At 31 December 2020                    | 6,050  | 21                             | 6,071         |
|  | <hr/>  | <hr/>                          | <hr/>         |

There is no impairment during the year as net assets exceed or equal the carrying value.

**Fixed asset investments**

The following were subsidiary undertakings of the Company:

| Name                                 | Principal activity     | Class of<br>shares | Holding |
|--------------------------------------|------------------------|--------------------|---------|
| E Sub Limited                        | Group finance          | Ordinary           | 100%    |
| Electricity Pensions Trustee Limited | Pension scheme trustee | Ordinary           | 3.2%    |

The registered office of E Sub Limited is Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ.

The registered office of Electricity Pensions Trustee Limited is Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. Debtors**

|                                    | 2021<br>£000 | 2020<br>£000 |
|------------------------------------|--------------|--------------|
| <b>Due within one year</b>         |              |              |
| Amounts owed by group undertakings | 60,000       | 60,000       |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

|                                    | 2021<br>£000  | 2020<br>£000  |
|------------------------------------|---------------|---------------|
| Other loans                        | 21            | 21            |
| Amounts owed to group undertakings | 86,812        | 86,665        |
|                                    | <u>86,833</u> | <u>86,686</u> |

Other loans are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. Included within amounts owed to group undertakings is £2,931,000 (2020 - £2,912,000) on which interest is payable at 0.5% (2020 - 0.5%) above the overnight GBP LIBOR.

SONIA replaced GBP LIBOR on 1 January 2022. There are key differences between GBP LIBOR and SONIA. GBP LIBOR is a 'term rate', which means that it is published for a borrowing period (such as three months or six months) and is 'forward looking', because it is published at the beginning of the borrowing period. SONIA is a 'backward-looking' rate, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which SONIA currently does not. To transition existing contracts and agreements that reference GBP LIBOR to SONIA, adjustments for term differences and credit differences will need to be applied to SONIA, to enable the two benchmark rates to be economically equivalent on transition.

The replacement of LIBOR is not expected to materially impact the financial statements of the entity when adopted in 2022. No other changes to the terms of the floating-rate instruments are anticipated.

The remaining amounts owed to group undertakings are interest free. All amounts owed to group undertakings are unsecured and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Deferred taxation**

|                                       | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---------------------------------------|----------------------|----------------------|
| At beginning of year                  | (9,502)              | (9,491)              |
| Charged to profit or loss             | (1,862)              | (774)                |
| Charged to other comprehensive income | (4,312)              | 763                  |
| <b>At end of year</b>                 | <b>(15,676)</b>      | <b>(9,502)</b>       |

The provision for deferred taxation is made up as follows:

|                                      | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|--------------------------------------|----------------------|----------------------|
| Deferred tax on pension scheme asset | (15,676)             | (9,502)              |
|                                      | <b>(15,676)</b>      | <b>(9,502)</b>       |

**13. Provisions**

|                                  | <b>Pension<br/>admin costs<br/>£000</b> | <b>Other<br/>provisions<br/>£000</b> | <b>Total<br/>£000</b> |
|----------------------------------|---|--------------------------------------|-----------------------|
| At 1 January 2021                | 6,307                                   | 58                                   | 6,365                 |
| Charged to profit or loss        | (360)                                   | -                                    | (360)                 |
| Arising on business combinations | 81                                      | -                                    | 81                    |
| Utilised in year                 | (131)                                   | -                                    | (131)                 |
| <b>At 31 December 2021</b>       | <b>5,897</b>                            | <b>58</b>                            | <b>5,955</b>          |

**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 1.3% (2020 - 2.0%).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. Share capital**

|   | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---|----------------------|----------------------|
| <b>Allotted, called up and fully paid</b>                     |                      |                      |
| 82,154,924 (2020 - 82,154,924) Ordinary shares of £1 each     | 82,155               | 82,155               |
| 20,000,000 (2020 - 20,000,000) 'A' Ordinary shares of £1 each | 20,000               | 20,000               |
|   | <u>102,155</u>       | <u>102,155</u>       |

The 'A' Ordinary and Ordinary shares rank pari passu in all respects except that on a vote on a written resolution or poll, the 'A' Ordinary and Ordinary shares carry one hundred votes and one vote per share respectively.

**15. Pension asset**

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 results of the latest funding valuation at 31 March 2019 (2020 - actuarial valuation at 31 March 2019) have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 31 March 2019, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

Scheme assets are stated at their market values at the respective balance sheet dates.

UK legislation requires that pension schemes are funded prudently. The latest funding valuation as at 31 March 2019 was completed on 25 June 2020. The valuation showed a surplus of £17,000,000. Deficit contributions have not been paid by the Company since April 2017. Note that this could be subject to change at the next triennial valuation.

The amount recognised on the Balance Sheet is:

|                                     | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|-------------------------------------|----------------------|----------------------|
| Present value of funded obligations | (176,105)            | (192,196)            |
| Fair value of Scheme assets         | 238,812              | 242,209              |
| <b>Net asset</b>                    | <u><u>62,707</u></u> | <u><u>50,013</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. Pension asset (continued)**

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

|                                  | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|----------------------------------|----------------------|----------------------|
| Interest on obligation           | (2,440)              | (3,445)              |
| Expected return on Scheme assets | 3,088                | 4,561                |
| Past service cost                | -                    | (10)                 |
| Administrative expenses          | (233)                | (3)                  |
|                                  | <u>415</u>           | <u>1,103</u>         |

The amounts recognised in Other Comprehensive Income/(expense) are as follows:

|                         | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|-------------------------|----------------------|----------------------|
| Actuarial gain/(losses) | 12,279               | (6,921)              |

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

|                                    | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|------------------------------------|----------------------|----------------------|
| Opening defined benefit obligation | 192,196              | 176,759              |
| Interest cost                      | 2,440                | 3,445                |
| Actuarial (gains)/losses           | (9,472)              | 21,029               |
| Benefits paid                      | (9,059)              | (9,047)              |
| Past service costs                 | -                    | 10                   |
| Closing defined benefit obligation | <u>176,105</u>       | <u>192,196</u>       |

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

|                                     | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|-------------------------------------|----------------------|----------------------|
| Opening fair value of Scheme assets | 242,209              | 232,590              |
| Expected return on assets           | 3,088                | 4,561                |
| Actuarial gains/(losses) on assets  | 2,807                | 14,108               |
| Contributions by employer           | -                    | -                    |
| Benefits paid                       | (9,059)              | (9,047)              |
| Administrative expenses             | (233)                | (3)                  |
|                                     | <u>238,812</u>       | <u>242,209</u>       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. Pension commitments (continued)**

Scheme assets analysis at 31 December

|                               | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|-------------------------------|----------------------|----------------------|
| Equities                      | 13,526               | 14,956               |
| Index linked government bonds | 167,083              | 160,977              |
| Cash and cash equivalents     | 12,054               | 17,370               |
| Corporate bonds               | 18,582               | 19,168               |
| Nominal government bonds      | 27,567               | 29,738               |
|                               | <b>238,812</b>       | <b>242,209</b>       |

The majority of these assets have a quoted market price in an active market. The Company and Trustee have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

The Trustee aims to achieve the Scheme's investment objectives through investing partly in a diversified mix of growth assets which, over the long term, are expected to grow in value by more than low risk assets like cash and gilts. This is done within a broad liability driven investing framework that uses cash, gilts and other hedging instruments like swaps in a capital efficient way. In combination this efficiently captures the trustee risk tolerances and return objectives relative to the scheme's liabilities.

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

|                              | <b>2021<br/>%</b> | <b>2020<br/>%</b> |
|------------------------------|-------------------|-------------------|
| Discount rate at 31 December | 2.00              | 1.30              |
| Future pension increases     | 3.31              | 2.92              |
| Inflation                    | 3.30              | 2.90              |

The mortality assumptions for 31 December 2021 and 2020 are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live for a further 21.9 (2020 - 21.9 years) years if they are male and for a further 24.2 (2020 - 24.2 years) if they are female. For a member who retires in 2030 (2020 - 2030) at age 65 the assumptions mean that they will live on average for a further 22.2 (2020 - 22.2) years after retirement if they are male and for a further 25.4 (2020 - 25.4) years after retirement if they are female.

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Pension commitments (continued)**

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

Defined benefit pension schemes

|  | <b>2021</b>    | <b>2020</b>     | <b>2019</b>    | <b>2018</b>   | <b>2017</b>    |
|--|----------------|-----------------|----------------|---------------|----------------|
|  | <b>£000</b>    | <b>£000</b>     | <b>£000</b>    | <b>£000</b>   | <b>£000</b>    |
| Defined benefit obligation                   | (176,105)      | (192,196)       | (176,759)      | (166,872)     | (185,409)      |
| Scheme assets                                | 238,812        | 242,209         | 232,590        | 226,152       | 233,965        |
|  | <u>62,707</u>  | <u>50,013</u>   | <u>55,831</u>  | <u>59,280</u> | <u>48,556</u>  |
| Surplus                                      |                |                 |                |               |                |
| Experience adjustments on Scheme liabilities | 194            | 546             | 1,808          | (1,140)       | 1,698          |
| Experience adjustments on Scheme assets      | (2,807)        | (14,108)        | (9,908)        | 3,815         | (2,928)        |
|  | <u>(2,613)</u> | <u>(13,562)</u> | <u>(8,099)</u> | <u>2,675</u>  | <u>(1,230)</u> |

**Sensitivity analysis**

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

|                       | <b>Change in assumption</b> | <b>Impact on Scheme liabilities</b> |
|-----------------------|-----------------------------|-------------------------------------|
| Discount rate         | Increase / decrease 0.5%    | Decrease 7% / increase 7%           |
| Pension increase rate | Increase / decrease 0.25%   | Increase 3% / decrease 3%           |
| Life expectancy       | Increase / decrease 1 year  | Increase 5% / decrease 5%           |

**16. 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>2021</b>     | <b>2020</b>     |
|--|-----------------|-----------------|
|  | <b>£000</b>     | <b>£000</b>     |
| Amounts owed by indirect parent undertakings         | 60,000          | 60,000          |
| Amounts owed to ultimate parent undertaking          | (2,931)         | (2,912)         |
| Amounts owed to direct subsidiary undertakings       | (6,050)         | (6,050)         |
| Amounts owed to fellow group subsidiary undertakings | (77,831)        | (77,703)        |
|  | <u>(26,812)</u> | <u>(26,665)</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**17. 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.