

HC FUELS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

in respect of the year ended

31 December 2009

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COMPANIES HOUSE

HC FUELS LIMITED

Directors, officers and professional advisors

Directors

A E Adiguzel
A M P Kern
D J Carr
D Gauthier
G Syvertsen
H Sijbring
R A S Clayton
J H W Gardner
J G Szarkandi
V Leal

Company Secretary

D J Carr

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered office

6th Floor
5 Princes Gate
Knightsbridge
London
SW7 1QJ

HC FUELS LIMITED

Directors' Report

The Directors present their report and financial statements for the year ended 31 December 2009

Principal activities

The principal activities of the Company are the purchase and sale of coal, petcoke and EU Emissions Allowances on behalf of the HeidelbergCement group of companies

Financial results and review of business

The profit for the year amounted to £784,000 (2008 restated profit £2,704,000) and is dealt with in the profit and loss account. The Directors do not recommend the payment of a dividend for the year (2008 £nil)

The Company has identified fundamental accounting errors in the prior year financial statements in respect of mis-postings to trade debtors, other debtors, trade creditors and accruals

These errors have been corrected in the prior year comparative figures shown for 2008 in these accounts with the effect of reducing profit for the financial year for 2008 by £0.6 million. Moreover, the restatement has reduced turnover by £1.1 million to £100.8 million, profit before tax by £0.6 million to £2.7 million. On this basis net assets have reduced from £6.1 million to £5.5 million

The Directors are satisfied with the financial position of the Company at the end of the year

Key performance indicators (KPIs) are managed at a divisional level. As a result, the Directors have taken the decision not to disclose performance against KPIs in individual subsidiary financial statements. Management assesses divisional performance against a number of financial KPIs including turnover, profitability, sales volumes, average selling prices and market share alongside other non-financial KPIs such as health and safety records and levels of customer satisfaction. Group performance against KPIs is disclosed in the financial statements of HeidelbergCement AG.

Future developments

The Directors anticipate that the Company will continue to purchase and sell coal, petcoke and EU Emissions Allowances on behalf of the HeidelbergCement group of companies for the foreseeable future.

While there is a stated intention that third party and sea-borne coal and petcoke trading will be the responsibility of a related Company, HC Trading Malta, HC Fuels Ltd will continue to act as Principal when required to facilitate such trades.

Principal risks and uncertainties

- Market Demand risk

The principal risk facing the Company is its dependence on fellow subsidiary undertakings, in the group headed by HeidelbergCement AG, for trading emission rights. Therefore, by the very nature of its activities the Company is indirectly exposed to similar risks and uncertainties to those faced by other group companies. Details of the principal risks and uncertainties facing the group headed by HeidelbergCement AG are disclosed in the financial statements of that company.

- Credit risk

Credit risk is the potential exposure of the Company to loss in the event of non-performance by a counter party. The Company controls this credit risk through credit approval limits and insurance where applicable.

- Foreign Exchange risk

The Company is exposed to foreign exchange risk arising from intra-group and third party transactions. The Company looks to minimise its exposure to this by ensuring that for purchases in excess of EUR 1m, where the contract currency is not GBP and the time difference between payment and receipts can be defined, the cash flows are hedged.

Bank charges due to currency conversion are minimised by operating separate bank accounts denominated in GBP, USD and Euro.

HC FUELS LIMITED
Directors' Report (continued)

Directors

The Directors currently in office are shown on page one. The Directors that served during the year were as follows:

A E Adiguzel
D J Carr
R A S Clayton
J H W Gardner
D Gauthier
A M P Kern (appointed 29 April 2009)
V Leal
H Sijbring (appointed 29 April 2009)
G Syvertsen
J G Szarkandi

Directors' indemnity

A fellow group undertaking has indemnified, by means of Directors' and officers' liability insurance, one or more of its 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 2006. Such qualifying third party indemnity provision was in force during the year and remains in force as at the date of approving the Directors' Report.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

HC FUELS LIMITED
Directors' Report (continued)

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of this report

The Company forms part of the HeidelbergCement AG group and is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

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

On the basis of their assessment of the Company's financial position and of the enquiries made of the management of HeidelbergCement AG, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Disclosure of information to auditors

The Directors who held office at the date of approval of this Report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have each taken all the steps that ought to have been taken as a Director of the Company to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

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

By order of the Board



D J Carr
Company Secretary

Date 6/10/10

**Independent auditors' report
to the members of HC FUELS LIMITED**

We have audited the financial statements of HC Fuels Limited for the year ended 31 December 2009, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Jane Barwell
Senior Statutory Auditor

Ernst & Young LLP

For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date 7 October 2010

HC FUELS LIMITED
Profit and Loss Account
for the year ended 31 December 2009

	Note	2009 £000	(Restated) 2008 £000
Turnover	2	148,165	100,845
Cost of sales		<u>(145,726)</u>	<u>(97,405)</u>
Gross profit		2,439	3,440
Administrative expenses		<u>(1,740)</u>	<u>(659)</u>
Operating profit	3	699	2,781
Interest receivable and similar income	5	105	253
Interest payable and similar charges	6	<u>(26)</u>	<u>(329)</u>
Profit ordinary activities before taxation		778	2,705
Tax on profit on ordinary activities	7	6	(1)
Profit for the financial year	13	<u>784</u>	<u>2,704</u>

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

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

	2009 £000	(Restated) 2008 £000
Statement of Total Recognised Gains and Losses for the year ended 31 December 2009		
Profit for the financial year	<u>784</u>	<u>2,704</u>
Prior year adjustment (as explained in note 1)	(608)	
Total recognised gains and losses related to the year	<u>176</u>	

HC FUELS LIMITED
Balance Sheet
as at 31 December 2009

	Note	2009 £000	(Restated) 2008 £000
Fixed assets			
Tangible assets	8	-	-
Current assets			
Debtors	9	8,217	118,895
Cash at bank and in hand		858	694
		<u>9,075</u>	<u>119,589</u>
Creditors: amounts falling due within one year	11	(2,817)	(114,115)
Net current assets		<u>6,258</u>	<u>5,474</u>
Net assets		<u>6,258</u>	<u>5,474</u>
Capital and reserves			
Called up share capital	12	500	500
Profit and loss account	13	5,758	4,974
Equity shareholders' funds	14	<u>6,258</u>	<u>5,474</u>

The financial statements in pages 6 to 14 were approved
 by the Board of Directors and signed on its behalf by



R A S Clayton
 Director

Date 6-10-10

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

1 Accounting policies

Accounting convention

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

Cash flow

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

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

Operating leases commitments

Rentals paid under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease

EU Emissions allowances

All sales and purchases of EU Emissions Allowances (being defined as valuable commodities by the EU and by the UK Revenue and Customs) which were delivered / received between 1 January 2009 and 31 December 2009 are accounted for in the current year as for all other goods and services

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows

Computer equipment - 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

Interest income

Income is recognised as interest accrues using the effective interest method

Interest bearing loans and borrowings

All interest bearing loans and borrowings are initially recognised as net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of debt in the period

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

Pensions

The Company participates in the Castle Cement Limited Pension Scheme, which is a funded defined benefit scheme. Funds are held externally under the supervision of the corporate trustee. Based on the advice of the schemes actuaries, the directors are unable to split the Schemes assets and liabilities between the various sponsoring companies. Accordingly, contributions to the Scheme are expensed as the liability for payment arises. Further details are given in note 16 to these accounts

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

1 Accounting policies (continued)

Comparatives

The company has identified fundamental accounting errors in the prior year financial statements in respect of mis-postings to trade debtors, other debtors, trade creditors and accruals.

These errors have been corrected in the prior year comparative figures shown for 2008 in these accounts with the effect of reducing profit for the financial year for 2008 by £0.6 million. Moreover, the restatement has reduced turnover by £1.1 million to £100.8 million, profit before tax by £0.6 million to £2.7 million. On this basis net assets have reduced from £6.1 million to £5.5 million.

2 Turnover and segmental analysis

Turnover is attributed to the one continuing activity, the purchase and sale of coal, petcoke and EU Emissions Allowances on behalf of the HeidelbergCement group of companies.

Turnover is derived wholly within the United Kingdom and is analysed as follows:

	2009	(Restated) 2008
	£000	£000
Inter-group sales	82,054	73,449
Sales to third parties	68,111	27,398
	<u>148,165</u>	<u>100,845</u>

3 Operating profit

This is stated after charging/(crediting)

	2009	(Restated) 2008
	£000	£000
Foreign exchange losses/(gains)	631	(838)
Auditors' remuneration - statutory audit	8	10
Operating lease rentals - land and buildings (note 15)	<u>80</u>	<u>80</u>

4 Staff costs

a) Staff costs

	2009	2008
	£000	£000
Wages and salaries	627	629
Social security costs	57	69
Pension costs	<u>97</u>	<u>107</u>
	<u>781</u>	<u>805</u>

The monthly average number of employees, including directors, during the year was made up as follows:

	2009 No	2008 No
Office and management	3	6
Directors	<u>3</u>	<u>3</u>
	<u>6</u>	<u>9</u>

b) Directors' emoluments

	2009	2008
	£000	£000
Aggregate emoluments in respect of qualifying services	551	482
Aggregate pension contributions	<u>85</u>	<u>79</u>
	<u>636</u>	<u>541</u>

	2009 No	2008 No
Number of directors accruing benefits under defined benefit scheme	<u>3</u>	<u>3</u>

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

4 Staff costs (continued)

	2009 £000	2008 £000
In respect of the highest paid director		
Aggregate emoluments	261	245
Accrued pension at the end of the year	41	38
	<u>302</u>	<u>281</u>

5 Interest receivable and similar income

	2009 £000	2008 £000
Amounts receivable from group undertakings	105	253

6 Interest payable and similar charges

	2009 £000	2008 £000
Amounts payable to group undertakings	26	329

7 Taxation

	2009 £000	2008 £000
a) Tax on profit on ordinary activities		
Current tax:		
UK corporation tax	-	-
Adjustments in respect of previous periods	(4)	-
Total current tax	<u>(4)</u>	<u>-</u>
Deferred Tax		
Origination and reversal of timing differences	(3)	1
Adjustment in respect of prior years	1	-
	<u>(2)</u>	<u>1</u>
Tax (credit)/charge on profit on ordinary activities	<u>(6)</u>	<u>1</u>

b) Factors affecting tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK 28% (2008 28.5%) The differences are explained below

	2009 £000	(Restated) 2008 £000
Profit on ordinary activities before taxation	<u>778</u>	<u>2 705</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	<u>218</u>	<u>771</u>
Expenses not deductible for tax purposes	-	4
Short term timing differences	5	-
Capital allowances in (excess)/deficit of depreciation	(1)	(2)
Group relief for no charge	(223)	(773)
(Over) provision in respect of previous years	(3)	-
Current tax (credit)/charge charge	<u>(4)</u>	<u>-</u>

c) Factors that may affect future tax charges

Announcements were made after the balance sheet date to changes in tax rates that will have an effect on future tax charges of the company. The change in the corporation tax rate from 28% to 24% reducing by 1% per annum from 1 April 2011 has been announced but not substantively enacted at the balance sheet date. The company has not quantified the impact of this change on the deferred tax balance at this stage.

Further there will be a reduction in the rates of capital allowances from 1 April 2012, the main pool going down from 20% to 18%, and the special rate pool from 10% to 8%.

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

8 Tangible fixed assets

	Computer equipment £000
Cost	
At 1 January and 31 December 2009	35
Depreciation	
At 1 January and 31 December 2009	(35)
Net book value	
At 31 December 2009 and 31 December 2008	-

	2009 £000	(Restated) 2008 £000
9 Debtors		
Due within one year		
Trade debtors	5,441	16,298
Amounts due from group undertakings	2,579	101,401
Other debtors	187	-
Prepayments and accrued income	-	1,190
Deferred tax asset (note 10)	10	6
	<u>8,217</u>	<u>118,895</u>

Amounts owed by group undertakings includes an amount of £2,579,000 (2008: £81,750,000) which accrues interest at a rate of between 0.16% and 2.6% (2008: 2.15%) and is unsecured and repayable on demand. The remaining balance is unsecured interest free and repayable on demand.

10 Deferred tax asset

	2009 £000	2008 £000
At 1 January 2009		7
Profit and loss account		3
At 31 December 2009		<u>10</u>
	2009 £000	2008 £000
Deferred tax asset recognised in the financial statements is as follows		
Capital allowances	5	-
Other timing differences	5	-
Short term timing difference	-	6
	<u>10</u>	<u>6</u>

	2009 £000	(Restated) 2008 £000
11 Creditors - amounts falling due within one year		
Trade creditors	2,367	20,951
Amounts due to group undertakings	38	91,711
Corporation tax	212	317
Other taxes and social security costs	22	22
Accruals	162	-
Other creditors	18	1,114
	<u>2,817</u>	<u>114,115</u>

During 2009 amounts owed to group undertakings were unsecured, interest free and repayable on demand. In 2008 amounts due to group undertakings included an amount of £550,000 which accrued interest at a rate of 3.15% and an amount of £4,978,000 which accrued interest at a rate of 1.25% and were unsecured and repayable on demand. The remaining balance was unsecured, interest free and repayable on demand.

	2009 No '000	2008 No '000	2009 £000	2008 £000
12 Share capital				
Allotted, called up and fully paid				
Ordinary shares of £1 each	500	500	<u>500</u>	<u>500</u>

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

	2009	(Restated) 2008
	£000	£000
13 Profit and loss account		
At 1 January (as originally stated)	5,582	2 270
Prior year adjustments (see note 1)	(608)	-
At 1 January (as restated)	4,974	2 270
Profit for the financial year	784	2 704
At 31 December	5,758	4,974
14 Reconciliation of movement in shareholders' funds		
	2009	(Restated) 2008
	£000	£000
At 1 January (as originally stated)	6,082	2,770
Prior year adjustments (see note 1)	(608)	-
At 1 January (as restated)	5,474	2 770
Profit for the financial year	784	2 704
At 31 December	6,258	5 474

15 Operating lease commitments

At the year end the company had annual commitments under non cancellable operating leases as set out below

	Land and buildings	
	2009	2008
	£000	£000
Operating leases which expire within two to five years	80	80

16 Pensions

During the year the Company participated in the Castle Pension Scheme with relevant employees eligible for benefits under the funded Scheme, which is, in the main, of the defined benefit type. Funds are held externally under the supervision of the corporate trustee. The company participates in the Scheme along with several other UK based companies forming part of the HeidelbergCement AG group. It is not possible to identify the company's share of the Scheme's assets and liabilities on a consistent and reasonable basis. Therefore in accordance with FRS 17 the Scheme is treated as a defined contribution scheme with contributions expensed to the profit and loss account when they become payable.

The Castle Pension Scheme is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary. The valuation of the Scheme has been based on the most recent actuarial valuation as at 31 March 2008, which was signed in February 2010, and was updated by the Scheme actuary, Mercer Human Resource Consultancy, to take account of the requirements of FRS17 in order to assess the liabilities as at 31 December 2009. Scheme assets are stated at their market value at 31 December 2009 and 31 December 2008. Scheme assets are stated at their market value at their respective balance sheet dates.

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

16 Pensions (continued)

The assets and liabilities of the scheme at 31 December are

	2009 £000	2008 £000
<i>Scheme assets at fair value</i>		
Equities	67,854	58,548
Bonds	89,946	82,824
Other	-	1,428
Fair value of scheme assets	157,800	142,800
Present value of scheme liabilities	(207,679)	(179,800)
Defined benefit pension liability	(49,879)	(36,800)
Related deferred tax asset	13,966	10,304
Net pension liability	(35,913)	(28,496)

The Scheme has not invested any of the Company's own financial instruments nor in properties or other assets used by it

To develop the existing long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the Scheme's asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio

Main assumptions

	2009 %	2008 %	2007 %
Discount rate	5.8	5.7	5.9
Rate of compensation increase	4.4	3.8	4.4
Rate of price inflation	3.4	2.8	3.4
Rate of pension increases	3.4	2.8	3.4
<i>Expected rate of return on scheme assets</i>			
Equities	8.1	7.4	7.3
Bonds	4.5	4.3	5.3
Properties	6.6	6.9	6.8
Other	0.5	3.9	-
<i>Life expectancy for a male member from age 65 on post-retirement mortality table used to determine benefit obligation</i>	Years	Years	Years
Current active and deferred members	21.3	21.3	18.2
Current pensioner members	20.3	20.3	17.8

Sensitivity analysis of scheme liabilities

	Change in assumption	Impact on scheme liabilities
Rate of salary increase	Increase / decrease 1%	Increase 4% / decrease 4%
Discount rate	Increase / decrease 1%	Decrease 18% / increase 22%
Inflation assumption	Increase / decrease 1%	Increase 18% / decrease 16%
Mortality	Increase / decrease 1 year	Increase 3% / decrease 3%

The total contributions to the Scheme in 2010 are expected to be £17,730,000

HC FUELS LIMITED
Notes to the Financial Statements
for the year ended 31 December 2009

16 Pensions (continued)

Changes to the present value of the defined benefit obligations during the year	2009 £000	2008 £000
Opening defined benefit obligation	179,600	178,900
Current service cost	3,808	6,210
Interest cost	10,014	10,453
Contributions by Scheme participants	1,524	1,847
Actuarial gain	25,167	(9,329)
Benefits paid	(11,632)	(8,481)
Curtailments	(800)	-
Closing defined benefit obligation	207,679	179,600
Changes to the fair value of scheme assets during the year	2008 £000	2007 £000
Opening fair value of Scheme assets	142,800	166,100
Expected return on Scheme assets	7,815	10,812
Actuarial losses	11,472	(34,587)
Contributions by the employer	5,821	7,109
Contributions by the Scheme participants	1,524	1,847
Benefits paid	(11,632)	(8,481)
Closing fair value of Scheme assets	157,800	142,800

Amounts for current and previous four years

	2009	2008	2007	2006	2005
Fairvalue of scheme assets	157,800	142,800	166,100	160,681	142,700
Present value of defined benefit obligation	(207,679)	(179,600)	(178,900)	(180,112)	(168,500)
Deficit in the scheme	(48,879)	(36,800)	(12,800)	(19,431)	(25,800)
Experience adjustments arising on plan liabilities	(800)	(3,129)	-	(1,015)	5,291
	-	(2%)	-	(1%)	3%
Experience adjustments arising on plan assets	11,472	(34,587)	(6,409)	4,883	13,552
	7%	(24%)	(4%)	3%	9%

17 Parent undertakings

The immediate parent undertaking is Scancem Supply 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.

18 Related party transactions

The Company has taken advantage of the exemption in FRS8 Related Party Transactions not to disclose transactions with wholly owned subsidiaries in the group headed by Heidelberg Cement.

19 Off Balance sheet arrangements

The Company entered into operating lease arrangements for the hiring of buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The lease rental expense for the year is disclosed in note 3 and the annual commitments under these arrangements are disclosed in note 15. There are no other material off balance sheet events.