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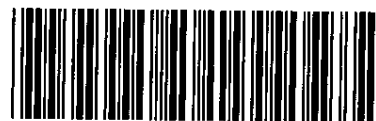
Registered number: FC027898

## RIMARCAL CORPORATION

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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**RIMARCAL CORPORATION**

**COMPANY INFORMATION**

|   |  |
|---|--|
| <b>Directors</b>                          | E A Gretton<br>N Benning-Prince<br>Dr C M Wendt  |
| <b>Company secretary</b>                  | Dr C M Wendt   |
| <b>UK Establishment registered number</b> | FC027898   |
| <b>UK Establishment Office</b>            | Hanson House<br>14 Castle Hill<br>Maidenhead<br>England<br>SL6 4JJ   |
| <b>Registered office</b>                  | PH Arifa, 9th and 10th Floors<br>West Boulevard<br><i>Santa Maria Business District</i><br>Panama City<br>Republic of Panama |
| <b>UK Branch number</b>                   | BR9635   |

# **RIMARCAL CORPORATION**

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## **RIMARCAL CORPORATION**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

#### **Principal activity**

The Company is a group finance company.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £21,977,000 (2017 - £13,792,000).

The Directors do not recommend the payment of a final dividend (2017 - £nil).

#### **Directors**

The Directors who served during the year were:

E A Gretton  
N Benning-Prince  
Dr C M Wendt

This report was approved by the board on 24 September 2019 and signed on its behalf.



**Dr C M Wendt**  
Director

# **RIMARCAL CORPORATION**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

|  | <b>Note</b> | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--|-------------|----------------------|----------------------|
| Administrative expenses                              |             | (4)                  | (4)                  |
| <b>Operating loss</b>                                |             | <u>(4)</u>           | <u>(4)</u>           |
| Interest receivable and similar income               | 4           | 21,981               | 13,796               |
| <b>Profit on ordinary activities before taxation</b> |             | <u>21,977</u>        | <u>13,792</u>        |
| Tax on profit on ordinary activities                 | 5           | -                    | -                    |
| <b>Profit for the financial year</b>                 |             | <u>21,977</u>        | <u>13,792</u>        |
| <br><b>Total comprehensive income for the year</b>   |             | <br><u>21,977</u>    | <br><u>13,792</u>    |

All amounts relate to continuing operations.

The notes on pages 5 to 11 form part of these unaudited financial statements.

**RIMARCAL CORPORATION**  
**REGISTERED NUMBER: FC027898**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

|  | <b>Note</b> | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--|-------------|----------------------|----------------------|
| <b>Current assets</b>                          |             |                      |                      |
| Debtors: amounts falling due within one year   | 6           | 2,383,550            | 2,361,569            |
| Creditors: amounts falling due within one year | 7           | (19)                 | (15)                 |
| <b>Net assets</b>                              |             | <u>2,383,531</u>     | <u>2,361,554</u>     |
| <b>Capital and reserves</b>                    |             |                      |                      |
| Called up share capital                        | 8           | -                    | -                    |
| Share premium account                          |             | 1,995,945            | 1,995,945            |
| Profit and loss account                        |             | 387,586              | 365,609              |
| <b>Shareholders' funds</b>                     |             | <u>2,383,531</u>     | <u>2,361,554</u>     |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019.



**N Benning-Prince**  
Director

The notes on pages 5 to 11 form part of these unaudited financial statements.

**RIMARCAL CORPORATION**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|  | <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 2017</b>                       | -   | 1,995,945                                     | 351,817                                     | 2,347,762                    |
| <b>Comprehensive income for the year</b>       |   |   |   |                              |
| Profit for the year                            | -   | -   | 13,792                                      | 13,792                       |
| <b>Total comprehensive income for the year</b> | -   | -   | 13,792                                      | 13,792                       |
| <b>At 1 January 2018</b>                       | -   | 1,995,945                                     | 365,609                                     | 2,361,554                    |
| <b>Comprehensive income for the year</b>       |   |   |   |                              |
| Profit for the year                            | -   | -   | 21,977                                      | 21,977                       |
| <b>Total comprehensive income for the year</b> | -   | -   | 21,977                                      | 21,977                       |
| <b>At 31 December 2018</b>                     | -   | 1,995,945                                     | 387,586                                     | 2,383,531                    |

The notes on pages 5 to 11 form part of these unaudited financial statements.

## **RIMARCAL CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. Accounting policies**

##### **1.1 Statement of compliance with FRS 101**

Rimarc Corporation ("the Company") was incorporated in the Republic of Panama on 13 September 2007 and registered as a UK Establishment on 26 October 2007. The UK Branch commenced on 19 September 2007. It is tax resident in the UK. The address of its registered office and principal place of business is disclosed in the Company Information.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000).

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.

##### **1.2 Basis of preparation of financial statements**

The Company is not required to prepare audited accounts under Panamanian law. The unaudited financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' and section 396 of the Companies Act 2006 applicable to overseas companies. The Company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies Regulations 2009.

##### **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

##### **1.4 Going concern**

The accounts have been prepared on a going concern basis as the Company is in a position to meet its obligations as they fall due.



## **RIMARCAL CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. Accounting policies (continued)**

##### **1.5 Impact of new international reporting standards, amendments and interpretations**

The Company adopted IFRS 9 and IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

##### **IFRS 9**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held.
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.

*If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on the asset had not significantly changed since its initial recognition.*

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 January 2018.

##### **IFRS 15**

IFRS 15 Revenue from Contracts with Customers supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of transition as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

## **RIMARCAL CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. Accounting policies (continued)**

##### **1.5 Impact of new international reporting standards, amendments and interpretations (continued)**

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 January, 2018.

##### **1.6 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 include amounts owed by group undertakings.

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.

###### **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.

## **RIMARCAL CORPORATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. Accounting policies (continued)**

##### **1.6 Financial instruments (continued)**

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 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.

##### **1.7 Current and deferred taxation**

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 exceptions:

- 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 enforceable 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.

## RIMARCAL CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. Accounting policies (continued)

##### 1.8 Interest income

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

#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

##### Recoverability of amounts owed by group undertakings

The Company reviews the recoverability of amounts owed by group undertakings by reviewing the net assets of the counterparty. If the counterparty has net liabilities a provision is made by management for the amount considered irrecoverable.

#### 3. Staff costs

The Directors of the Company are also directors of a number of the group's fellow subsidiaries. The Directors received total remuneration of £722,000 (2017 - £758,000), which was paid by various fellow 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.

#### 4. Interest receivable

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Interest receivable from group companies | 21,981       | 13,796       |

#### 5. Taxation

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| <b>Current income tax</b>                         |              |              |
| Current UK Corporation tax on profit for the year | -            | -            |
| <b>Total current tax</b>                          | -            | -            |

## RIMARCAL CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 5. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax  | 21,977       | 13,792       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%) | 4,176        | 2,655        |
| Effects of:   |              |              |
| Group relief  | (4,176)      | (2,655)      |
| Total tax charge/(credit) for the year  | -            | -            |

##### Change in corporation tax rate

There is a reduction in the main rate of corporation tax from 19% to 17% on 1 April 2020.

#### 6. Debtors

|                                    | 2018<br>£000 | 2017<br>£000 |
|------------------------------------|--------------|--------------|
| Due within one year                |              |              |
| Amounts owed by group undertakings | 2,383,550    | 2,361,569    |

Amounts owed by group undertakings accrue interest at three month LIBOR plus 25 basis points, are unsecured and are repayable on demand.

#### 7. Creditors: Amounts falling due within one year

|                                    | 2018<br>£000 | 2017<br>£000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 19           | 15           |

Amounts owed to group undertakings attract interest at LIBOR + 2.5%, are unsecured and are repayable on demand.

# **RIMARCAL CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **8. Share capital**

|   | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|---|----------------------|----------------------|
| <b>Authorised</b>                               |                      |                      |
| 1,000 (2017 - 1,000) ordinary shares of £1 each | <u>1</u>             | <u>1</u>             |
| <b>Allotted, called up and fully paid</b>       |                      |                      |
| 3 (2017 - 3) ordinary shares of £1 each         | <u>-</u>             | <u>-</u>             |

### **9. 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>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|--|----------------------|----------------------|
| Amounts owed by fellow subsidiary undertakings | 2,383,550            | 2,361,569            |
| Amounts owed to ultimate parent undertaking    | (19)                 | (15)                 |
|  | <u>2,383,531</u>     | <u>2,361,554</u>     |

### **10. Ultimate parent undertaking and controlling party**

The Company's immediate parent undertaking is Cowichan Corporation, a company registered in the Republic of Panama. 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.