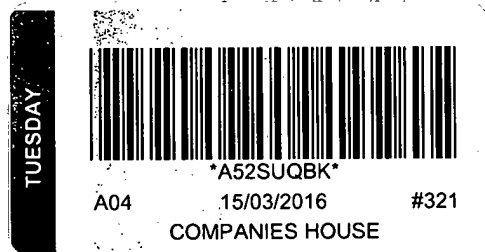


Company Registration No. 08284549

Hope Construction Materials Limited

**Annual report and financial statements
for the year ended 31 December 2015**



Hope Construction Materials Limited
Annual report and financial statements

Contents	Page
Officers and professional advisors	1
Strategic report	2
Directors' report	5
Directors' responsibilities	8
Independent auditor's report to the members of Hope Construction Materials Limited	9
Consolidated Income Statement	11
Consolidated Statement of Comprehensive Income	12
Consolidated Balance Sheet	13
Consolidated Statement of Changes In Equity	14
Consolidated Cash Flow Statement	15
Notes to the consolidated financial statements	16
Company Balance Sheet	49
Company Statement of Changes In Equity	50
Company Cash Flow Statement	51
Notes to the Company financial statements	52

Hope Construction Materials Limited

Annual report and financial statements

Officers and professional advisors

Directors

A Bhatia
S Maheshwari
M Mikati
J Issa El-Khoury
J-F Beaudouin
P Darmayan

Company Secretary

J R Stirk

Registered Office

3rd Floor
Berkeley Square House
Berkeley Square
London
W1J 6BU

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindleyplace
Birmingham
United Kingdom
B1 2HZ

Hope Construction Materials Limited

Strategic report

Highlights:

- £36.4m (2014; £33.6m) – underlying EBITDA generated in the year
- 12.4% (2014; 12.3%) – underlying EBITDA margin
- £294.7m (2014; £273.5m) – revenue generated from sale of products
- £113.1m (2014; £103.0m) – gross profit
- 38.4% (2014; 37.6%) – gross profit margin
- £20.8m (2014; £15.2m) – capital expenditure in the year

Underlying EBITDA is defined within the financial performance section of the strategic report.

Overview:

Hope Construction Materials (the “Group”, consisting of Hope Construction Materials Limited (the “Company” or the “parent undertaking”), Hope Ready Mixed Concrete Limited and Hope Cement Limited (the “subsidiaries”)) operates throughout the United Kingdom producing and selling cement, ready mixed concrete and aggregates across a network of over 160 sites.

During the year the Group has benefited from the major strategic initiatives implemented in 2014, which included transferring the trade and assets of the subsidiaries to the parent undertaking, the implementation of a new ERP system and the standardisation of business processes across all operations within the Group. These initiatives have enabled the Group to develop simple and effective ways of working with customers and suppliers.

On 18 November 2015, it was announced that the shareholder had entered into a conditional agreement to sell the business to Breendon Aggregates Limited, a deal which at the date of this report is in the process of being reviewed by the Competition and Markets Authority.

This report sets out the Group’s operating and financial performance from 1 January 2015 to 31 December 2015, which is the Group’s third year of trade following its formation on 7 January 2013.

Cement:

Hope Construction Materials’ cement plant is situated in the Hope Valley, Derbyshire. The manufacture of cement is achieved using limestone and shale from the locally owned quarries adjacent to the plant. The addition of certain imported cementitious materials produce a range of blended products that have a lower carbon footprint than ordinary Portland cement. Sustainability is a key focus for the cement operations and the use of alternative fuels to fire both the kilns enables the plant to keep carbon emissions down. Cement is distributed across the United Kingdom via an extensive rail and road network, supplying both owned ready mixed concrete plants and external customers.

During the year, capital expenditure at the cement plant has been directed at projects to increase the capacity of the plant and improve sustainability by increasing the capability of the plant to use alternative fuels that produce less carbon emissions. The cement plant has successfully undergone three planned maintenance shutdowns in the year, as was the case in 2014. The Group has also invested in a new cement depot at Dagenham to supply cement products to projects in the South East, as well as to support its entry into the packed products market, and is expected to become operational during the first half of 2016.

Aggregates:

The aggregates business operates from three hard rock quarries in the Midlands and North East of England and three sand and gravel operations in the South East. Additional distribution hubs in the Midlands and the South have been opened in 2015, adding to the existing hubs in the North West and South Wales, to further provide aggregate materials to the Group’s network of ready mixed concrete plants. The business continues to successfully apply its strategy of being a vertically integrated operation with aggregate materials being supplied to all owned concrete plants where economically advantageous to do so. The Group has also invested in new Aggregate tippers in the year, an increase of ten new tipper vehicles to our fleet.

Hope Construction Materials Limited

Strategic report (continued)

Concrete:

The ready mixed concrete manufactured by Hope Construction Materials is sold to customers for use in a wide variety of construction projects, including residential and commercial buildings and infrastructure funded by the public and private sector. Most of the cement used in the production of concrete is sourced internally from Hope cement plant and approximately 37% of the aggregates requirement is being fulfilled by internally supplied materials, with the remaining requirement coming from secure and reliable sources.

During the year the Group has invested in its network of existing concrete plants along with investment in new sites in the North West, the Midlands and the South. Hope has also invested in the transport fleet during the year with the addition of twenty new Concrete mixers to our existing fleet.

Health, Safety and Wellbeing:

Hope Construction Materials operates to high safety standards and is committed to prioritising the health, safety and wellbeing of all our colleagues and business partners. Health and safety issues are a continuous focus for the business and all our colleagues are encouraged to be vigilant to minimise such risks. A 'Welcome Intervention' initiative was introduced in 2014 and is used to empower all colleagues to positively and proactively intervene in situations that could potentially be unsafe or cause harm. In the year a total of 3,866 (2014: 1,761) Welcome Interventions have been recorded, representing the number of potential accidents that have been prevented by colleagues taking positive action to prevent them.

Colleagues are strongly encouraged to maintain a vigilant focus on health and safety matters at all times, with senior managers in the organisation conducting site visits across all operations to promote the positive safety culture the Group wants to be known for. During the year senior management have spent over 2,700 hours (2014: 2,218 hours) at operating sites specifically engaging with colleagues about safety.

As a result of the effort by all colleagues within the Group, Hope Construction Materials achieved a lost time injury frequency rate (LTIFR) of 0.84, compared to the 2014 rate of 1.22. This measure indicates the number of LTIs per 1,000,000 hours worked, for both employees and contractors. The establishment of a health and wellbeing forum has provided a range of activities, support and initiatives to encourage all of our colleagues to improve their general health and wellbeing. In recognition of the achievements in this area, the Group was awarded the 2015 MPA Occupational Health and Wellbeing award.

Community Engagement:

The Group is committed to its social responsibilities by taking an active role in the community. As part of this commitment, the Group encourages employees to participate in voluntary activities through the "Hope for Others" scheme, by which employees can take two days paid leave per year to take part in such activities. This resulted in 100 volunteering days being donated to good causes throughout 2015, with this being the first full year of the initiative.

Market Conditions:

Growth within the construction industry has continued during 2015 albeit at lower levels than 2014 due to a flattening of activity during the second half of the year. The demand for cement and aggregates has been strong nationally and as a result management are focused on optimising production to ensure Hope Construction Materials is well placed to meet customer needs.

In the short to medium term, UK Economy outlook and sector growth forecasts remain positive giving encouragement for management about the future of the construction industry. In 2016 the UK economy is anticipated to grow at a level similar to that experienced in 2015.

Significant performance optimisation changes will occur during 2016 as Hope Cement introduces its own packed products to the market and the network of rail fed aggregate depots will be expanded to support the local network of concrete plants. Management remain confident that Hope Construction Materials will be well positioned to provide the materials and service required by the industry in the forthcoming years.

Hope Construction Materials Limited

Strategic report (continued)

Financial Performance:

Group revenue for the year was £294.7 million, compared to £273.5 million in the prior year. The underlying EBITDA margin for the Group increased from 12.3% in the prior year to 12.4% in the year ended 31 December 2015.

The operating profit for the year was £17.3m, compared to £31.4m in the prior year. This includes £1.3m (2014; £20.4m) of non-underlying income relating to contingent consideration provision reversals. The Group also incurred non-underlying expenses of £0.3 million (2014; £4.5 million) comprising of legal costs associated with the hive-up of the assets and businesses of the two former operating companies (Hope Ready Mixed Concrete Limited and Hope Cement Limited) to Hope Construction Materials Limited. In the prior year, these costs related to the initial setup and establishment of Hope as a standalone entity. Excluding these non-underlying items, the underlying operating profit for the year was £16.3 million, compared with £15.5 million in the prior year.

The operating result includes £20.1 million of depreciation, amortisation and mineral reserve depletion charged during the year (2014; £18.1 million), which when excluded reveals an underlying earnings before interest, tax, depreciation and amortisation ("EBITDA") of £36.4 million, compared with £33.6 million in the prior year.

During the year Hope Construction Materials generated £40.7 million of cash from operations (2014; £23.6 million), of which £20.8 million was invested in the purchase of property, plant and equipment (2014; £15.2 million).

Hope Construction Materials has continued to build on the success of its first two years of trade, delivering strong financial results whilst continuing to undergo a significant programme of change to simplify and improve the way the business operates for the benefit of the Group's customers, suppliers and employees.

On behalf of the Board of Directors,



A Bhatia
Chairman

Date: 26 February 2016

Hope Construction Materials Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 31 December 2015.

Principal activities

Hope Construction Materials is a large-scale heavy building materials producer with a presence in cement, ready mixed concrete and aggregates. The markets served are primarily construction companies and precast concrete manufacturers in the United Kingdom.

The subsidiary undertakings, the trade and assets of which were transferred to the parent undertaking in the prior year, are listed in note 35 to the financial statements.

Dividends

No dividends have been paid during the year or to the date of signing the financial statements. The directors do not recommend the payment of a final dividend.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's business activities, together with the factors likely to affect its future development, performance and position, including its exposure to credit risk are set out in this report.

The business generated an underlying EBITDA of £36.4 million in the year (2014; £33.6 million), and a net cash inflow from operating activities of £40.7 million (2014; £23.6 million). The directors expect the general level of activity to improve in the short-term as the outlook for the UK economy and construction sector remains positive, and have prepared forecasts (taking into account reasonable uncertainties) that indicate the ongoing viability of the business to operate.

The operations are financed through a combination of short-term debt, long-term debt and equity. The Group has a short-term working capital facility that is available to finance the business' working capital requirements. Long-term funding is provided by the Group's shareholder and bank loans, which are repayable in instalments over the next 7 years.

The directors have a reasonable expectation that the Group has adequate resources (including committed support from its shareholders, if required) to continue to finance the business' operating activities and accordingly continue to adopt the going concern basis in preparing the financial statements.

Information about the use of financial instruments by the Company is given in note 29 to the financial statements.

Hope Construction Materials Limited

Directors' report (continued)

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing liabilities are held at floating rates, linked to GBP LIBOR and Euribor.

In order to repay the £30 million principal on the vendor loan, the Group secured a bank loan facility in December 2014. To secure a more favourable interest rate, the loan was taken out in Euros at a floating rate linked to Euribor. To reduce variability in functional currency equivalent interest and principal cash flows associated with the foreign currency debt, a cross currency swap was entered into.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. To mitigate this risk, the Group has in place a credit insurance policy. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group's largest customer is Tarmac, which represents 8.0% of revenue in the year (see note 18 for details of trade receivables), compared to 9.4% in the year ended 31 December 2014.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 23. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. Under its Articles of Association, the Company has authority to issue ordinary shares.

Directors

The directors, who served throughout the year and to the date of this report, except as noted, were as follows:

A Bhatia	
S Maheshwari	
M Kemp	(resigned 31 March 2015)
M Mikati	
J Issa El-Khoury	
J-F Beaudouin	
P Darmayan	(appointed 31 March 2015)

Hope Construction Materials Limited

Directors' report (continued)

Directors' indemnities

The Company has in place third party directors and officers insurance which was made during the year and remains in force at the date of this report.

Political contributions

The Group did not make any contributions to political parties during either the current or the previous year.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

The Group places considerable value on the involvement of our employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and a company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditor

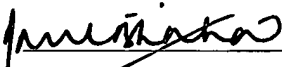
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board of Directors,



A Bhatia
Chairman

Date: 26 February 2016

3rd Floor,
Berkeley Square House
Berkeley Square
London
W1J 6BU

Hope Construction Materials Limited

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the IASB and have also chosen to prepare the Company financial statements under IFRSs as adopted by the IASB. 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

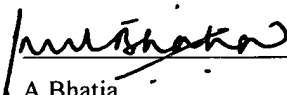
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements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

Directors' responsibility statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board of Directors,


A Bhatia
Chairman

Date: 26 February 2016

Hope Construction Materials Limited

Independent auditor's report to the members of Hope Construction Materials Limited

We have audited the financial statements of Hope Construction Materials Limited for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity and Consolidated and Company Cash Flow Statements and the related notes 1 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

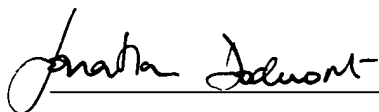
Hope Construction Materials Limited

Independent auditor's report to the members of Hope Construction Materials Limited (continued)

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 Company 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.



Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

Date: 26 FEBRUARY 2016

Hope Construction Materials Limited

Consolidated Income Statement For the year ended 31 December 2015

	Notes	Year ended 2015 £'000	Year ended 2014 £'000
Revenue	5	294,653	273,491
Cost of sales		(181,510)	(170,524)
Gross profit		113,143	102,967
Other operating income (including £1,265,000 of non-underlying [†] income (2014: £20,388,000))	6	1,796	21,478
Distribution costs		(64,929)	(60,906)
Administrative expenses		(32,427)	(27,684)
Other operating expenses (including £326,000 of non-underlying [†] costs (2014: £4,455,000))	6	(326)	(4,455)
Operating profit (including £939,000 of non-underlying [†] net income (2014: £15,933,000))		17,257	31,400
Investment income	10	95	56
Finance costs	11	(11,040)	(12,717)
Profit before tax		6,312	18,739
Tax	12	2,583	(2,028)
Profit for the year	6	8,895	16,711

The notes on pages 16 to 48 form part of these consolidated financial statements.

The Group's results for the year above are derived entirely from continuing activities and are wholly attributable to owners of the parent.

[†] Non-underlying items represent unused contingent consideration provision amounts reversed and other restructuring costs (see note 6 for details).

Hope Construction Materials Limited

Consolidated Statement of Comprehensive Income For the year ended 31 December 2015

	Year ended 2015 £'000	Year ended 2014 £'000
Profit for the year	8,895	16,711
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Losses arising during the year	(1,384)	(1,419)
Less: reclassification adjustments for gains included in profit	1,564	442
Other comprehensive income/(loss) for the year	180	(977)
Total comprehensive income for the year	9,075	15,734

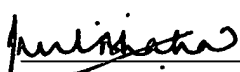
Hope Construction Materials Limited

Consolidated Balance Sheet As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Other intangible assets	13	2,628	3,634
Property, plant and equipment	14	250,846	248,813
Investments	15	428	729
		<u>253,902</u>	<u>253,176</u>
Current assets			
Inventories	17	11,570	12,751
Trade and other receivables	18	47,263	49,548
Cash and bank balances	27	27,158	11,852
		<u>85,991</u>	<u>74,151</u>
Total assets		<u>339,893</u>	<u>327,327</u>
Current liabilities			
Trade and other payables	21	(50,602)	(39,055)
Borrowings	19	(22,654)	(5,664)
Provisions	22	(9,707)	(974)
		<u>(82,963)</u>	<u>(45,693)</u>
Net current assets		<u>3,028</u>	<u>28,458</u>
Non-current liabilities			
Borrowings	19	(131,439)	(154,949)
Deferred tax liability	20	(20,740)	(23,323)
Provisions	22	(11,558)	(20,651)
Derivative financial instruments	26	(2,826)	(1,419)
		<u>(166,563)</u>	<u>(200,342)</u>
Total liabilities		<u>(249,526)</u>	<u>(246,035)</u>
Net assets		<u>90,367</u>	<u>81,292</u>
Equity			
Share capital	23	62,600	62,600
Hedging reserve	25	(797)	(977)
Retained earnings	24	28,564	19,669
Total equity		<u>90,367</u>	<u>81,292</u>

The financial statements of Hope Construction Materials Limited, registered number 08284549 were approved by the Board of Directors and authorised for issue on 26 February 2016.

Signed on behalf of the Board of Directors,



A Bhatia, Chairman

Hope Construction Materials Limited

Consolidated Statement of Changes In Equity For the year ended 31 December 2015

	Share Capital £'000	Retained Earnings £'000	Hedging reserve £'000	Total equity £'000
Balance at 1 January 2014	62,600	2,958	-	65,558
Profit for the year	-	16,711	-	16,711
Other comprehensive loss for the year	-	-	(977)	(977)
Total comprehensive income for the year	-	16,711	(977)	15,734
Balance at 31 December 2014	62,600	19,669	(977)	81,292
Profit for the year	-	8,895	-	8,895
Other comprehensive income for the year	-	-	180	180
Total comprehensive income for the year	-	8,895	180	9,075
Balance at 31 December 2015	62,600	28,564	(797)	90,367

Hope Construction Materials Limited

Consolidated Cash Flow Statement For the year ended 31 December 2015

		Year ended 2015 £'000	Year ended 2014 £'000
Net cash inflow from operating activities	27	40,745	23,560
Investing activities			
Interest received		95	56
Investment capital recovered		301	173
Proceeds on disposal of property, plant and equipment		379	1,121
Purchases of property, plant and equipment and intangibles		(20,829)	(15,175)
Net cash outflow from investing activities		(20,054)	(13,825)
Financing activities			
Repayment of vendor loans		-	(30,000)
Repayment of bank loans		(5,385)	(14,000)
New bank loans raised		-	30,000
Net cash outflow from financing activities		(5,385)	(14,000)
Net increase/(decrease) in cash and cash equivalents		15,306	(4,265)
Cash and cash equivalents at beginning of year		11,852	16,117
Cash and cash equivalents at end of year	27	27,158	11,852

Hope Construction Materials Limited

Notes to the consolidated financial statements For the year ended 31 December 2015

1. General information

Hope Construction Materials Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic report and Directors' report on pages 2 to 7.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

2. Adoption of new and revised Standards

Standards affecting the financial statements

The adoption of new and revised Standards and Interpretations in the current year has not had any significant impact on the amounts reported in these financial statements.

Standards not affecting the reported results nor the financial position

In the current year, the Group has applied a number of amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	As the Company does not provide any defined benefit schemes, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
Annual Improvements to IFRSs 2010 - 2012 Cycle	Amendments to: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets. The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
Annual Improvements to IFRSs 2011 - 2013 Cycle	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

2. Adoption of new and revised Standards (continued)

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<i>IFRS 9</i>	<i>Financial Instruments</i>
<i>IFRS 15</i>	<i>Revenue from Contracts with Customers</i>
<i>IFRS 16</i>	<i>Leases</i>
<i>IFRS 11 (amendments)</i>	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
<i>IAS 1 (amendments)</i>	<i>Disclosure Initiative</i>
<i>IAS 16 and IAS 38 (amendments)</i>	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
<i>IAS 16 and IAS 41 (amendments)</i>	<i>Agriculture: Bearer Plants</i>
<i>IAS 27 (amendments)</i>	<i>Equity Method in Separate Financial Statements</i>
<i>IFRS 10 and IAS 28</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
<i>IFRS 10, IFRS 12 and IAS 28 (amendments)</i>	<i>Investment Entities: Applying the Consolidation Exemption</i>
<i>Annual Improvements to IFRSs: 2012-2014 cycle</i>	<i>Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, with the exception of the following: IFRS 9 will impact both the measurement and disclosures of financial instruments; IFRS 15 may have an impact on revenue recognition and related disclosures; IFRS 16 requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value and hence the Group will need to assess all of its operating leases against this criteria. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 or IFRS 16 until a detailed review has been completed.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the IASB.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets at acquisition and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's business activities, together with the factors likely to affect its future development, performance and position, including its exposure to credit risk are set out in this report.

The business generated an underlying EBITDA of £36.4 million in the year (2014; £33.6 million), and a net cash inflow from operating activities of £40.7 million (2014; £23.6 million). The directors expect the general level of activity to improve in the short-term as the outlook for the UK economy and construction sector remains positive, and have prepared forecasts (taking into account reasonable uncertainties) that indicate the ongoing viability of the business to operate.

The operations are financed through a combination of short-term debt, long-term debt and equity. The Group has a short-term working capital facility that is available to finance the business' working capital requirements. Long-term funding is provided by the Group's shareholder and bank loans, which are repayable in instalments over the next 7 years.

The directors have a reasonable expectation that the Group has adequate resources (including committed support from its shareholders, if required) to continue to finance the business' operating activities and accordingly continue to adopt the going concern basis in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of completion) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Business combinations (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs are recognised in the income statement in the period to which they relate.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and any provisions for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

Freehold land and assets in the course of construction are not depreciated.

Mineral rights are amortised over their estimated commercial life on a unit of production basis.

Other tangible fixed assets are depreciated in equal annual instalments over the period of their estimated economic lives, which are principally as follows:

Freehold buildings	50 years
Plant and machinery	2 - 25 years

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds, the carrying amount of the asset and disposal cost. The gain or loss is recognised in other operating income during the period in which it occurs.

Mineral reserves

The calculation of the mineral depreciation rate is on a site by site basis based on the unit of production which can be impacted to the extent that the actual production in the future is different from current forecast production.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 53 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Financial instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method 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 net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group uses a cross currency swap to manage its exposure to interest rate and foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 26.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship. The Group designates cross currency swaps as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates cross currency swaps as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

Note 26 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 25.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Significant accounting policies (continued)

Financial instruments (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity is recognised immediately in profit or loss.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

There have been no critical judgements made by the directors in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning and restoration

Determining the value of provision required to ensure that the cost of fulfilling the Group's future obligations to decommission plant and equipment installed at the Group's various operating locations and to restore land used for mineral extraction requires management to apply their judgement in estimating the liability. Where there is uncertainty about the extent of the obligation that has been identified as a result of a past obligating event, management estimate based on careful consideration of the information available what the probable requirement to decommission plant and restore land will be.

The calculation of the future cost of the obligation and value of the provision recognised in these financial statements has been based on estimates of the timing, activity costs and project plans. Whilst these estimates are subject to significant judgement and uncertainties, they have been made by management using the best information available and reflect a balanced view of the probable outcome.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

5. Revenue

An analysis of the Group's revenue and other income excluding acquisition related items is as follows:

	Year ended 2015 £'000	Year ended 2014 £'000
Sale of goods	294,653	273,491
Other operating income	531	1,090
Investment income	95	56
	<u>295,279</u>	<u>274,637</u>

The revenue from the sale of goods was wholly derived from sales in the United Kingdom, of which 8.0% (2014; 9.4%) was derived from the sale of goods to Tarmac.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

6. Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 2015 £'000	Year ended 2014 £'000
Depreciation of property, plant and equipment	19,095	17,481
Amortisation of other intangibles	1,006	641
Gain on disposal of property, plant and equipment	355	1,032
Cost of inventories recognised as expense	66,683	68,102
Write downs of inventories recognised as an expense	67	229
Staff costs (see note 8)	34,824	32,241
Impairment loss recognised on trade receivables	676	841

Profit for the year also included non-underlying items as shown below:

	Year ended 2015 £'000	Year ended 2014 £'000
Contingent consideration provision amounts reversed	1,265	20,388
Other restructuring costs*	(326)	(4,455)
	939	15,933

*In the current year, other restructuring costs comprised of legal costs associated with the hive-up of the assets and businesses of the two former operating companies (Hope Ready Mixed Concrete Limited and Hope Cement Limited) to Hope Construction Materials Limited. In the prior year, the other restructuring costs comprised of costs associated with the initial setup and establishment of Hope Construction Materials Limited as a standalone entity.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

7. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2015 £'000	Year ended 2014 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	210	180
Other assurance services	40	92
Other services	10	50
	50	142

8. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 2015 Number	Year ended 2014 Number
Production & Operations	618	577
Commercial & Distribution	198	186
Administration	109	109
	925	872

Their aggregate remuneration comprised:

	Year ended 2015 £'000	Year ended 2014 £'000
Wages and salaries	30,186	27,949
Social security costs	2,950	2,705
Other pension costs	1,688	1,587
	34,824	32,241

9. Directors' remuneration

The directors did not receive any remuneration for their services to the Group during the year.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

10. Investment income

	Year ended 2015 £'000	Year ended 2014 £'000
Interest on bank deposits	95	56
	<u>95</u>	<u>56</u>

11. Finance costs

	Year ended 2015 £'000	Year ended 2014 £'000
Interest on loans from related parties	3,578	3,504
Interest on bank loans	5,362	5,133
Interest on other loans	-	692
Unwinding of discount on provisions	2,100	3,388
	<u>11,040</u>	<u>12,717</u>

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

12. Tax

	Year ended 2015 £'000	Year ended 2014 £'000
Corporation tax:		
Current year	-	-
Deferred tax (note 20)		
- current year	1,496	651
- prior year/period	(4,079)	1,377
	<u>(2,583)</u>	<u>2,028</u>

The (credit)/charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 2015 £'000	Year ended 2014 £'000
Profit before tax	6,312	18,739
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	1,278	4,029
Tax effect of:		
Expenses not deductible in determining taxable profit	332	1,068
Contingent consideration not taxable	(256)	(4,379)
Other differences	142	(67)
Prior year/period adjustment	(1,941)	1,377
Rate change	(2,138)	-
Tax (credit)/charge for the year	<u>(2,583)</u>	<u>2,028</u>

The tax rate used for the reconciliation above is the average corporate tax rate for the UK of 20.25% (2014: 21.5%) for the year from 1 January 2015 to 31 December 2015 payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction.

On 8 July 2015, the Chancellor announced that the main rate of UK corporation tax would reduce from 20% to 19% with effect from 1 April 2017, with a further reduction to 18% from 1 April 2020. Both of these rates were substantively enacted on 26 October 2015.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

13. Other intangible assets

	Development costs £'000	Licences £'000	Total £'000
Cost or valuation			
At 1 January 2014	-	-	-
Transfers from prior period assets under construction	948	544	1,492
Additions	2,562	221	2,783
At 31 December 2014	3,510	765	4,275
Additions	-	-	-
At 31 December 2015	3,510	765	4,275
Amortisation			
At 1 January 2014	-	-	-
Charge for the year	526	115	641
At 31 December 2014	526	115	641
Charge for the year	826	180	1,006
At 31 December 2015	1,352	295	1,647
Carrying amount			
At 31 December 2015	2,158	470	2,628
At 31 December 2014	2,984	650	3,634
At 1 January 2014	-	-	-

The amortisation period for development costs and software licences, associated with the Group's IT system development, is 5 years.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

14. Property, plant and equipment

	Land and buildings £'000	Minerals £'000	Plant, machinery and vehicles £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 January 2014	18,820	26,408	223,010	4,218	272,456
Additions	70	816	755	11,449	13,090
Disposals	-	-	(33)	(61)	(94)
Transfers	-	-	2,658	(4,150)	(1,492)
Reclassifications	7,435	340	(7,775)	-	-
At 31 December 2014	26,325	27,564	218,615	11,456	283,960
Additions	-	-	1,067	24,701	25,768
Disposals	-	-	(343)	-	(343)
Transfers	(23)	23	13,189	(13,189)	-
Decommissioning asset reversal	-	-	(4,616)	-	(4,616)
Reclassifications	1,512	-	(1,512)	-	-
At 31 December 2015	27,814	27,587	226,400	22,968	304,769
Accumulated depreciation					
At 1 January 2014	1,141	877	15,653	-	17,671
Charge for the year	1,364	1,512	14,605	-	17,481
Eliminated on disposals	-	-	(5)	-	(5)
At 31 December 2014	2,505	2,389	30,253	-	35,147
Charge for the year	1,626	2,431	15,038	-	19,095
Eliminated on disposals	-	-	(319)	-	(319)
At 31 December 2015	4,131	4,820	44,972	-	53,923
Carrying amount					
At 31 December 2015	23,683	22,767	181,428	22,968	250,846
At 31 December 2014	23,820	25,175	188,362	11,456	248,813
At 1 January 2014	17,679	25,531	207,357	4,218	254,785

At 31 December 2015, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £6.0 million (2014: £3.5 million).

The reclassification is in respect of the allocation of fair values attributed to the assets acquired as part of the acquisition on 7 January 2013.

The decommissioning asset reversal is in respect of the estimate of the Group's liability to decommission plant and equipment, as detailed in note 22.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

15. Investments

	2015 £'000	2014 £'000
Loans to other entities	428	729
	<u>428</u>	<u>729</u>

This relates to legacy amounts provided to contract hauliers to finance the acquisition of vehicles.

16. Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest is given in note 35 to the Company's separate financial statements.

17. Inventories

	2015 £'000	2014 £'000
Raw materials and consumables	6,686	7,209
Work-in-progress	1,722	1,203
Finished goods and goods for resale	3,162	4,339
	<u>11,570</u>	<u>12,751</u>

18. Trade and other receivables

	2015 £'000	2014 £'000
Amount receivable for the sale of goods	43,848	47,395
Allowance for doubtful debts	(1,176)	(1,189)
	<u>42,672</u>	<u>46,206</u>
Other debtors	56	576
Prepayments and accrued income	4,535	2,766
	<u>47,263</u>	<u>49,548</u>

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

No interest is charged on the receivables. The Group has recognised an allowance for doubtful debts of 100% against all receivables where official notification has been received that the counterparty has gone into liquidation or administration, and a provision for expected bad debts based on historical experience.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

18. Trade and other receivables (continued)

Trade receivables (continued)

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Of the trade receivables balance at the end of the year, there are no customers who represent more than 5 per cent of the total balance of trade receivables. The debtor days as at 31 December 2015 was 50 days (2014: 59 days).

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables

	2015 £'000	2014 £'000
31-60 days	561	1,116
61-90 days	199	402
> 90 days	339	2,346
Total	1,099	3,864

Movement in the allowance for doubtful debts

	2015 £'000	2014 £'000
Balance at the beginning of the year	(1,189)	(2,035)
Amounts provided for during the year as uncollectible	(676)	(841)
Amounts written off during the year as uncollectible	689	1,687
Balance at the end of the year	(1,176)	(1,189)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of £280,000 (2014: £372,000) due from companies which have been placed in liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

18. Trade and other receivables (continued)

Trade receivables (continued)

Ageing of impaired trade receivables

	2015 £'000	2014 £'000
Current	420	218
0-30 days	2	6
31-60 days	68	137
61-90 days	39	3
> 90 days	647	825
Total	1,176	1,189

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

19. Borrowings

	2015 £'000	2014 £'000
Secured borrowing at amortised cost		
Bank loans	90,691	97,222
Unsecured borrowing at amortised cost		
Loans from related parties	63,402	63,391
	154,093	160,613
Total borrowings		
Amount due for settlement within 12 months	22,654	5,664
Amount due for settlement after 12 months	131,439	154,949

The other principal features of the Group's borrowings are as follows.

The Group has two principal long-term bank loans of £63,223,000 (2014: £68,061,000) and £27,468,000 (2014: £28,882,000). For the former, repayment of the principal is due in instalments over the next 3 years. The loan carries interest at a rate of 4.25 per cent above GBP LIBOR. The latter was secured in December 2014 and in order to secure a more favourable interest rate, the loan was taken out in Euros and carries interest at a rate of 3.15 per cent above Euribor. To reduce variability in functional currency equivalent interest and principal cash flows associated with the foreign currency debt, a cross currency swap was entered into, swapping Euribor plus 3.15 per cent for GBP LIBOR plus 3.9 per cent. The loans are secured by a fixed and floating debenture over all of the Group's assets except for trade receivables and inventories, which at the year-end had a carrying value of £285,651,000 (2014: £268,370,000).

The loan from related parties balance is analysed in note 30 of the consolidated financial statements.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

19. Borrowings (continued)

The weighted average interest rates paid during the year were as follows:

	Year ended 2015 %	Year ended 2014 %
Loans from related parties (see note 30 for details)	1Y LIBOR + 4.75	1Y LIBOR + 4.75
Bank loans	3M LIBOR + 4.14	3M LIBOR + 4.20
Other loans	-	1Y LIBOR + 1.50

20. Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting year.

	Accelerated tax depreciation £'000	Restoration and decommissio- -ning provisions £'000	Other timing differences £'000	Losses £'000	Total £'000
At 1 January 2014	22,122	(101)	(727)	-	21,294
Debit to profit or loss	652	-	-	-	652
Prior year profit or loss	1,377	-	-	-	1,377
At 31 December 2014	24,151	(101)	(727)	-	23,323
Deferred tax rate change	(2,542)	234	(6)	176	(2,138)
Debit/(credit) to profit or loss	1,274	(1,959)	416	(176)	(445)
At 31 December 2015	22,883	(1,826)	(317)	0	20,740

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015 £'000	2014 £'000
Deferred tax liabilities	22,883	24,151
Deferred tax assets	(2,143)	(828)
	20,740	23,323

At the balance sheet date, the Group has £6.3 million (2014: £15.1 million) unused tax losses available for offset against future profits, which have not been recognised.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

21. Trade and other payables

	2015 £'000	2014 £'000
Trade creditors	34,764	26,406
Other taxes and social security	3,643	3,052
Other creditors	486	466
Accruals and deferred income	11,709	9,131
	<u>50,602</u>	<u>39,055</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

22. Provisions

	2015 £'000	2014 £'000
Contingent consideration provision	7,735	8,269
Decommissioning provision	4,636	7,503
Restoration provision	5,507	4,201
Onerous leases provision	2,241	814
Dilapidation provision	1,146	838
	<u>21,265</u>	<u>21,625</u>
Current	9,707	974
Non-current	<u>11,558</u>	<u>20,651</u>
	<u>21,265</u>	<u>21,625</u>

	Contingent consideration £'000	Decommiss- ioning £'000	Restoration £'000	Onerous leases £'000	Dilapidation £'000	Total £'000
At 1 January 2014	26,400	7,348	3,877	1,310	713	39,648
Additional provision in the year	-	-	313	-	80	393
Unused amounts reversed	(20,366)	-	-	(241)	(4)	(20,611)
Utilisation of provision	-	-	(200)	(304)	-	(504)
Unwinding of discount	2,257	628	334	107	61	3,387
Adjustment for change in discount rate	(22)	(473)	(123)	(58)	(12)	(688)
At 31 December 2014	<u>8,269</u>	<u>7,503</u>	<u>4,201</u>	<u>814</u>	<u>838</u>	<u>21,625</u>
Additional provision in the year	-	1,026	1,017	1,455	237	3,735
Unused amounts reversed	(1,265)	(4,727)	-	-	(21)	(6,013)
Utilisation of provision	-	-	(151)	(227)	-	(378)
Unwinding of discount	731	713	374	196	85	2,099
Adjustment for change in discount rate	-	121	66	3	7	197
At 31 December 2015	<u>7,735</u>	<u>4,636</u>	<u>5,507</u>	<u>2,241</u>	<u>1,146</u>	<u>21,265</u>

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

22. Provisions (continued)

The provisions of Schedule 20 to the Sale and Purchase agreement, dated 15 November 2012, as varied by Deed dated 4 June 2014, require that additional share consideration is payable to the vendors contingent upon the EBITDA of the Group exceeding certain targets over the 3 year period ended 31 December 2015. The measurement period has now concluded and the contingent consideration provision represents management's expectation of the liability as at the date of these financial statements. As at 31 December 2015, this liability is expected to be settled within the next 12 months (2014: £nil).

The decommissioning provision represents management's best estimate of the Group's liability to decommission the plant and equipment installed at the companies' various operating locations. As at 31 December 2015 approximately £148,000 related to work expected to be undertaken within the next 12 months (2014: £nil).

The restoration provision represents management's best estimate of the Group's liability to restore sites used by the business for mineral extraction. As at 31 December 2015 approximately £875,000 related to work expected to be undertaken within the next 12 months (2014: £656,000).

The onerous leases provision represents management's best estimate of the Group's liability to service the lease and associated costs for premises and equipment where no economically viable operating activities are able to be undertaken. As at 31 December 2015 approximately £625,000 related to costs expected to be incurred in the next 12 months (2014: £206,000).

The dilapidation provision represents management's best estimate of the Group's liability to return leased premises to a reasonable condition at the end of the lease term. As at 31 December 2015 approximately £324,000 related to costs expected to be incurred in the next 12 months (2014: £112,000).

23. Share capital

	2015 £'000	2014 £'000
Issued and fully paid:		
62,600,000 ordinary shares of £1 each	62,600	62,600

The Company has one class of ordinary shares which carry no right to fixed income.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

24. Retained earnings

	£'000
Balance at 1 January 2014	2,958
Net profit for the year	16,711
Balance at 31 December 2014	19,669
Net profit for the year	8,895
Balance at 31 December 2015	28,564

25. Hedging reserve

	£'000
Balance at 1 January 2014	-
Loss recognised on cash flow hedges: Cross-currency swap	(1,419)
Transfer to income: Cross-currency swap	442
Balance at 31 December 2014	(977)
Loss recognised on cash flow hedges: Cross-currency swap	(1,384)
Transfer to income: Cross-currency swap	1,564
Balance at 31 December 2015	(797)

26. Derivative financial instruments

	2015 £'000	2014 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value		
Cross-currency swaps	2,826	1,419
	<u>2,826</u>	<u>1,419</u>
Current	-	-
Non-current	2,826	1,419
	<u>2,826</u>	<u>1,419</u>

Further details of derivative financial instruments are provided in note 29.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

27. Notes to the cash flow statement

	Year ended 2015 £'000	Year ended 2014 £'000
Profit for the year	8,895	16,711
Adjustments for:		
Investment income	(95)	(56)
Finance costs	11,040	12,717
Income tax	(2,583)	2,028
Depreciation of property, plant and equipment	19,095	17,481
Amortisation of other intangibles	1,006	641
Gain on disposal of property, plant and equipment	(355)	(1,032)
Increase/(Decrease) in provisions	1,120	(20,813)
Operating cash inflows before movements in working capital	38,123	27,677
Decrease in inventories	1,181	407
Decrease in receivables	2,285	15,949
Increase/(Decrease) in payables	7,668	(7,956)
Cash generated by operations	49,257	36,077
Interest paid	(8,512)	(12,517)
Net cash inflow from operating activities	40,745	23,560
Cash and cash equivalents		
	2015 £'000	2014 £'000
Cash and bank balances	27,158	11,852

Cash and cash equivalents comprise cash and short-term bank deposits, of which £1,700,000 (2014: £1,700,000) is restricted. The carrying amount of these assets is approximately equal to their fair value.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

28. Operating lease arrangements

The Group as lessee

	2015 £'000	2014 £'000
Minimum lease payments under operating leases recognised as an expense in the year	9,033	7,513

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £'000	2014 £'000
Within one year	8,814	7,427
In the second to fifth years inclusive	25,752	23,797
After five years	34,614	40,556

Operating lease payments represent rentals payable by the Group for certain of its office properties, mobile plant and vehicles. The comparatives for outstanding commitments have been adjusted to include vehicle leases.

29. Financial Instruments

Capital risk management

The Group manages its capital to ensure that each entity in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 19 after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves as disclosed in notes 23, 24 and 25. The Group is not subject to any externally imposed capital requirements.

Debt to Equity Ratio

The debt to equity ratio at the year-end is as follows:

	2015 £'000	2014 £'000
Debt	154,093	160,613
Cash and cash equivalents	(27,158)	(11,852)
Net Debt	126,935	148,761
Equity	91,164	82,269
Debt to equity ratio	1.39	1.81

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

29. Financial Instruments (continued)

Debt to Equity Ratio (continued)

Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 19.

Equity includes all capital and reserves of the Group that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	2015 £'000	2014 £'000
Financial assets		
Cash and bank balances	27,158	11,852
Loans and receivables	42,728	46,782
Investments	428	729
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	2,826	1,419
Amortised cost	246,700	244,616

At the reporting date there are no loans and receivables designated at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and receivables.

Financial risk management objectives

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults, as well as credit insurance cover being in place.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

29. Financial Instruments (continued)

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and exclude upfront fees.

	Interest rate	0-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	£'000	£'000	£'000	£'000	£'000
31 December 2015						
Non-interest bearing	0	50,602	9,707	3,243	8,315	71,867
Variable interest rate instrument	3M LIBOR+4.25	6,162	18,112	45,413	-	69,687
Variable interest rate instrument	1Y LIBOR +4.75	902	2,761	14,720	70,782	89,165
Variable interest rate instrument	3M EURIBOR +3.15	215	649	30,593	-	31,457
		<u>57,881</u>	<u>31,229</u>	<u>93,969</u>	<u>79,097</u>	<u>262,176</u>
31 December 2014						
Non-interest bearing	0	39,055	974	9,578	11,073	60,680
Variable interest rate instrument	3M LIBOR+4.25	849	7,931	69,708	-	78,488
Variable interest rate instrument	1Y LIBOR +4.75	-	891	16,565	75,586	93,042
Variable interest rate instrument	3M EURIBOR +3.15	242	729	33,670	-	34,641
Variable interest rate instrument	1.88	279	-	-	-	279
		<u>40,425</u>	<u>10,525</u>	<u>129,521</u>	<u>86,659</u>	<u>267,130</u>

The prior year comparatives have been updated in line with the current year presentation which reflects the actual liabilities on the Euro bank loan. In the prior year, this was presented as the hedged position on the loan and included the flows from the associated cross currency swap.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

29. Financial Instruments (continued)

Liquidity and interest risk tables (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate %	0-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
31 December 2015						
Non-interest bearing	0.00	42,728	-	-	-	42,728
Fixed interest rate instruments	4.39	-	-	428	-	428
		<u>42,728</u>	<u>-</u>	<u>428</u>	<u>-</u>	<u>43,156</u>
31 December 2014						
Non-interest bearing	0.00	46,782	-	-	-	46,782
Fixed interest rate instruments	4.39	-	-	729	-	729
		<u>46,782</u>	<u>-</u>	<u>729</u>	<u>-</u>	<u>47,511</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

In order to repay the £30 million principal on the vendor loan, a bank loan was taken out in Euros and carries interest at a rate of 3.15 per cent above Euribor. To reduce variability in functional currency equivalent interest and principal cash flows associated with the foreign currency debt, a cross currency swap was entered into, swapping Euribor plus 3.15 per cent for GBP LIBOR plus 3.9 per cent. There is no initial or interim exchange of principal. The final exchange of principal in December 2019 is fixed at €38 million in exchange for £30 million. The interest fixing frequency and interest payment frequency are both quarterly.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

29. Financial Instruments (continued)

Liquidity and interest risk tables (continued)

The following table details the Group's liquidity analysis for its derivative financial instrument based on contractual maturities. The table has been drawn up based on the undiscounted gross inflows and outflows on the derivative as it requires gross settlement.

		0-3 months	3 months to 1 year	1-5 years	5+ years	Total
Interest rate %		£'000	£'000	£'000	£'000	£'000
31 December 2015						
Floating and fixed rate instrument:						
Gross inflows	EURIBOR +3.15	215	649	30,593	-	31,457
Gross outflows	LIBOR +3.9	(335)	(1,012)	(34,035)	-	(35,382)
		<u>(120)</u>	<u>(363)</u>	<u>(3,442)</u>	<u>-</u>	<u>(3,925)</u>
31 December 2014						
Floating and fixed rate instrument:						
Gross inflows	EURIBOR +3.15	242	729	33,670	-	34,641
Gross outflows	LIBOR +3.9	(333)	(1,016)	(36,439)	-	(37,788)
		<u>(91)</u>	<u>(287)</u>	<u>(2,769)</u>	<u>-</u>	<u>(3,147)</u>

The amounts included above are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date. The inflows and outflows have been calculated based on the closing rate for the year.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

29. Financial Instruments (continued)

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

As detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Carrying amount	
	2015	2014
	£'000	£'000
Financial assets		
Loans and receivables:		
- Trade and other receivables	42,728	46,782
- Investments	428	729
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities held at amortised cost:		
- Loans from related parties	63,402	63,391
- Bank loans	90,691	97,222
- Trade and other payables	50,602	39,055
- Provisions	42,005	44,948
	<hr/>	<hr/>
	Fair value	
	2015	2014
	£'000	£'000
Financial assets		
Loans and receivables:		
- Trade and other receivables	42,728	46,782
- Investments	428	729
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities held at amortised cost:		
- Loans from related parties	63,402	63,391
- Bank loans	90,691	97,222
- Trade and other payables	50,602	39,055
- Provisions	42,005	44,948
	<hr/>	<hr/>

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Hope Construction Materials Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

30. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below. Transactions between the Company and its subsidiaries and associates are disclosed in note 48.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Amounts owed to related parties	Amounts owed to related parties	Purchase of Goods	Purchase of goods
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
ArcelorMittal Sheffield Limited	-	51	187	405
Swordfish Investments LLP	-	8	32	28

Borrowings

	2015	2014
	£'000	£'000
Brimary Investments S.a.r.l.	62,500	62,500

Amounts repayable to the immediate parent company of the Group's shareholder, Cortolina Investments S.a.r.l., are long-term and carry interest of 4.75 per cent above GBP LIBOR per annum charged on the outstanding loan balances (see note 19).

Remuneration of key management personnel

No directors received any fees or emoluments from the Group during the year.

The remuneration of other key management personnel of the group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 2015	Year ended 2014
	£'000	£'000
Short-term employee benefits	1,748	1,238
Post-employment benefits	116	95
	1,864	1,333

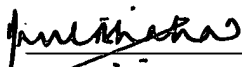
Hope Construction Materials Limited

Company Balance Sheet As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Other intangible assets	33	2,628	3,634
Property, plant and equipment	34	250,846	248,813
Investments	35	264,794	265,095
		<u>518,268</u>	<u>517,542</u>
Current assets			
Inventories	36	11,570	12,751
Trade and other receivables	37	47,263	49,548
Cash and cash equivalents	43	27,158	11,852
		<u>85,991</u>	<u>74,151</u>
Total assets		<u>604,259</u>	<u>591,693</u>
Current liabilities			
Trade and other payables	38	(50,591)	(39,043)
Borrowings	39	(22,654)	(5,664)
Provisions	41	(9,707)	(974)
		<u>(82,952)</u>	<u>(45,681)</u>
Net current assets		<u>3,039</u>	<u>28,470</u>
Non-current liabilities			
Borrowings	39	(395,597)	(419,108)
Deferred tax liability	40	(20,740)	(24,032)
Provisions	41	(11,558)	(20,651)
Derivative financial instruments	42	(2,826)	(1,419)
		<u>(430,721)</u>	<u>(465,210)</u>
Total liabilities		<u>(513,673)</u>	<u>(510,891)</u>
Net assets		<u>90,586</u>	<u>80,802</u>
Equity			
Share capital	44	62,600	62,600
Hedging reserve	45	(797)	(977)
Retained earnings	46	28,783	19,179
Total equity		<u>90,586</u>	<u>80,802</u>

The financial statements of Hope Construction Materials Limited, registered number 08284549 were approved by the Board of Directors and authorised for issue on 26 February 2016.

Signed on behalf of the Board of Directors,


A Bhatia,

Chairman

Hope Construction Materials Limited

Company Statement of Changes In Equity For the year ended 31 December 2015

	Share Capital £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
Balance at 1 January 2014	62,600	(4,334)	-	58,266
Profit for the year	-	23,513	-	23,513
Other comprehensive income for the year	-	-	(977)	(977)
Total comprehensive income/(expense) for the year	-	23,513	(977)	22,536
Balance at 31 December 2014	62,600	19,179	(977)	80,802
Profit for the year	-	9,604	-	9,604
Other comprehensive income for the year	-	-	180	180
Total comprehensive income for the year	-	9,604	180	9,784
Balance at 31 December 2015	62,600	28,783	(797)	90,586

Hope Construction Materials Limited

Company Cash Flow Statement For the year ended 31 December 2015

		Year ended 2015 £'000	Year ended 2014 £'000
Net cash inflow from operating activities	43	40,745	24,234
Investing activities			
Interest received		95	54
Investment capital recovered		301	46
Proceeds on disposal of property, plant and equipment		379	913
Purchase of property, plant and equipment and intangibles		(20,829)	(12,825)
Transfer of business		-	4,081
Net cash outflow from investing activities		(20,054)	(7,731)
Financing activities			
Repayment of vendor loans		-	(30,000)
Repayment of bank loans		(5,385)	(14,000)
New bank loans raised		-	30,000
Net cash outflow from financing activities		(5,385)	(14,000)
Net increase in cash and cash equivalents		15,306	2,503
Cash and cash equivalents at beginning of year		11,852	9,349
Cash and cash equivalents at end of year	43	27,158	11,852

Hope Construction Materials Limited

Notes to the Company financial statements For the year ended 31 December 2015

31. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the IASB.

The financial statements have been prepared on the historical cost basis, modified for certain valuations. The significant accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

32. Profit/loss attributable to members of the parent company

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own income statement. The Company reported a profit for the financial year ended 31 December 2015 of £9,604,000 (2014: profit of £23,513,000).

33. Other intangible assets

	Development costs £'000	Licences £'000	Total £'000
Cost or valuation			
At 1 January 2014	-	-	-
Transfers from prior period assets under construction	948	544	1,492
Additions	2,562	221	2,783
At 31 December 2014	3,510	765	4,275
Additions	-	-	-
At 31 December 2015	3,510	765	4,275
Amortisation			
At 1 January 2014	-	-	-
Charge for the year	526	115	641
At 31 December 2014	526	115	641
Charge for the year	826	180	1,006
At 31 December 2015	1,352	295	1,647
Carrying amount			
At 31 December 2015	2,158	470	2,628
At 31 December 2014	2,984	650	3,634
At 1 January 2014	-	-	-

The amortisation period for development costs and software licences, associated with the Group's IT system development, is 5 years.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

34. Property, plant and equipment

	Land and buildings £'000	Minerals £'000	Plant, machinery and vehicles £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 January 2014	-	-	-	-	-
Transfer of business	24,831	25,726	196,158	5,474	252,189
Additions	70	695	598	9,972	11,335
Disposals	-	-	(32)	(61)	(93)
Transfers	-	-	2,437	(3,929)	(1,492)
At 31 December 2014	24,901	26,421	199,161	11,456	261,939
Additions	-	-	1,067	24,701	25,768
Disposals	-	-	(343)	-	(343)
Transfers	(23)	23	13,189	(13,189)	-
Decommissioning asset reversal	-	-	(4,616)	-	(4,616)
Reclassifications	1,512	-	(1,512)	-	-
At 31 December 2015	26,390	26,444	206,946	22,968	282,748
Accumulated depreciation					
At 1 January 2014	-	-	-	-	-
Charge for the year	1,081	1,246	10,804	-	13,131
Eliminated on disposals	-	-	(5)	-	(5)
At 31 December 2014	1,081	1,246	10,799	-	13,126
Charge for the year	1,626	2,431	15,038	-	19,095
Eliminated on disposals	-	-	(319)	-	(319)
At 31 December 2015	2,707	3,677	25,518	-	31,902
Carrying amount					
At 31 December 2015	23,683	22,767	181,428	22,968	250,846
At 31 December 2014	23,820	25,175	188,362	11,456	248,813
At 1 January 2014	-	-	-	-	-

At 31 December 2015, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £6.0 million (31 December 2014: £3.5 million).

The reclassification is in respect of the allocation of fair values attributed to the assets acquired as part of the acquisition on 7 January 2013.

The decommissioning asset reversal is in respect of the estimate of the Group's liability to decommission plant and equipment, as detailed in note 22.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

35. Investments

	2015 £'000	2014 £'000
Investments in subsidiaries	-	-
Loans to subsidiaries	264,366	264,366
Loans to other entities	428	729
	<u>264,794</u>	<u>265,095</u>

Details of the Company's subsidiaries at 31 December 2015 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Hope Ready Mixed Concrete Limited	United Kingdom	100	100
Hope Cement Limited	United Kingdom	100	100

36. Inventories

	2015 £'000	2014 £'000
Raw materials and consumables	6,686	7,209
Work-in-progress	1,722	1,203
Finished goods and goods for resale	3,162	4,339
	<u>11,570</u>	<u>12,751</u>

37. Trade and other receivables

	2015 £'000	2014 £'000
Amount receivable for the sale of goods	43,848	47,395
Allowance for doubtful debts	(1,176)	(1,189)
	<u>42,672</u>	<u>46,206</u>
Other debtors	56	576
Prepayments and accrued income	4,535	2,766
	<u>47,263</u>	<u>49,548</u>

The trade and other receivables as at 31 December 2015 are analysed in more detail in note 18 to the consolidated financial statements.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

38. Trade and other payables

	2015 £'000	2014 £'000
Trade creditors	34,764	26,406
Other taxes and social security	3,643	3,052
Other creditors	486	466
Accruals and deferred income	11,698	9,119
	<u>50,591</u>	<u>39,043</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

39. Borrowings

	2015 £'000	2014 £'000
Secured borrowing at amortised cost		
Bank loan	<u>90,691</u>	<u>97,222</u>
Unsecured borrowing at amortised cost		
Loans from related parties	63,402	63,391
Loans from other Group entities	<u>264,158</u>	<u>264,159</u>
	<u>418,251</u>	<u>424,772</u>
Total borrowings		
Amount due for settlement within 12 months	<u>22,654</u>	<u>5,664</u>
Amount due for settlement after 12 months	<u>395,597</u>	<u>419,108</u>

The bank loans and loans from related parties as at 31 December 2015 are analysed in more detail in note 19 to the consolidated financial statements.

The loans from other Group entities relate to balances owed to the subsidiaries of the Company.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

40. Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the reporting year.

	Accelerated tax depreciation £'000	Restoration and decommissio- -ning provisions £'000	Other timing differences £'000	Losses £'000	Total £'000
At 1 January 2014	-	-	-	-	-
Transfer of business	23,053	(101)	-	-	22,952
Charge to profit or loss	1,080	-	-	-	1,080
At 31 December 2014	24,133	(101)	-	-	24,032
Deferred tax rate change	(2,570)	234	22	176	(2,138)
Charge/(credit) to profit or loss	1,186	(1,943)	(221)	(176)	(1,154)
At 31 December 2015	22,749	(1,810)	(199)	-	20,740

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 December 2015 £'000	31 December 2014 £'000
Deferred tax liabilities	22,749	24,133
Deferred tax assets	(2,009)	(101)
	20,740	24,032

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

41. Provisions

	2015 £'000	2014 £'000
Contingent consideration provision	7,735	8,269
Decommissioning provision	4,636	7,503
Restoration provision	5,507	4,201
Onerous leases provision	2,241	814
Dilapidation provision	1,146	838
	<u>21,265</u>	<u>21,625</u>
Current	9,707	974
Non-current	11,558	20,651
	<u>21,265</u>	<u>21,625</u>

	Contingent consideration £'000	Decommiss- ioning £'000	Restoration £'000	Onerous leases £'000	Dilapidation £'000	Total £'000
At 1 January 2014	26,400	-	-	-	-	26,400
Transfer of business	-	7,556	3,995	1,195	722	13,468
Additional provision in the year	-	-	281	-	80	361
Unused amounts reversed	(20,366)	-	-	(241)	(4)	(20,611)
Utilisation of provision	-	-	(200)	(161)	-	(361)
Unwinding of discount	2,257	419	249	79	52	3,056
Adjustment for change in discount rate	(22)	(472)	(124)	(58)	(12)	(688)
At 31 December 2014	<u>8,269</u>	<u>7,503</u>	<u>4,201</u>	<u>814</u>	<u>838</u>	<u>21,625</u>
Additional provision in the year	-	1,026	1,017	1,455	237	3,735
Unused amounts reversed	(1,265)	(4,727)	-	-	(21)	(6,013)
Utilisation of provision	-	-	(151)	(227)	-	(378)
Unwinding of discount	731	713	374	196	85	2,099
Adjustment for change in discount rate	-	121	66	3	7	197
At 31 December 2015	<u>7,735</u>	<u>4,636</u>	<u>5,507</u>	<u>2,241</u>	<u>1,146</u>	<u>21,265</u>

The provisions are detailed in note 22 to the consolidated financial statements.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

42. Derivative financial instruments

The derivatives balance as at 31 December 2015 is analysed in more detail in note 26 to the consolidated financial statements.

43. Notes to the cash flow statement

	Year ended 2015 £'000	Year ended 2014 £'000
Profit for the year	9,604	23,513
Adjustments for:		
Investment income	(95)	(4,507)
Finance costs	11,040	12,064
Income tax	(3,292)	978
Depreciation of property, plant and equipment	19,095	13,131
Amortisation of other intangibles	1,006	641
Gain on disposal of property, plant and equipment	(355)	(825)
Increase/(decrease) in provisions	1,120	(21,299)
Operating cash inflows before movements in working capital	38,123	23,696
Decrease/(increase) in inventories	1,181	(1,912)
Decrease in receivables	2,285	19,735
Increase/(decrease) in payables	7,668	(5,862)
Cash generated by operations	49,257	35,657
Interest paid	(8,512)	(11,423)
Net cash inflow from operating activities	40,745	24,234

Cash and cash equivalents

	2015 £'000	2014 £'000
Cash and bank balances	27,158	11,852

Cash and cash equivalents comprise cash and short-term bank deposits, of which £1,700,000 (2014: £1,700,000) is restricted. The carrying amount of these assets is approximately equal to their fair value.

44. Share capital

The movements on this item is disclosed in note 23 to the consolidated financial statements.

45. Hedging Reserve

The movements on this item is disclosed in note 25 to the consolidated financial statements.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

46. Retained earnings

	£'000
Balance at 1 January 2014	(4,334)
Net profit for the year	23,513
Balance at 31 December 2014	19,179
Net profit for the year	9,604
Balance at 31 December 2015	28,783

47. Financial instruments

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt, which includes shareholder loans less cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 44, 45 and 46.

The Company is not subject to any externally imposed capital requirements.

Debt to equity ratio

The gearing ratio at the year-end is as follows:

	2015 £'000	2014 £'000
Debt	418,251	424,772
Cash and bank balances	(27,158)	(11,852)
Net Debt	391,093	412,920
Equity	91,383	81,779
Debt to equity ratio	4.28	5.05

Debt is defined as loans as detailed in note 39.

Equity includes all capital and reserves of the Company that are managed as capital.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

47. Financial instruments (continued)

Categories of financial instruments

	2015 £'000	2014 £'000
Financial assets		
Cash and bank balances	27,158	11,852
Loans and receivables	42,728	46,782
Loans to subsidiaries	264,366	264,366
Investments	428	729
	<hr/>	<hr/>
Financial liabilities		
Amortised cost	510,847	509,472
Derivative instruments in designated hedge accounting relationships	2,826	1,419
	<hr/>	<hr/>

At the reporting date there are no loans and receivables designated at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such loans and receivables.

Financial risk management objectives

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk as set out on page 6 of the Directors' report.

Liquidity and interest risk tables

For the Group, these are outlined in note 29 to the consolidated financial statements and, following the hive-up in the previous year, these also now reflect the liquidity and interest risk for the Company. For the Company, intercompany balances are not likely to be settled in the foreseeable future and interest ceased to be charged on these balances as of July 2014.

Fair value of financial instruments

Details of the methods of the determination of the fair values of the Company's financial assets and financial liabilities are disclosed in note 29 to the consolidated financial statements.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

48. Related parties

Trading transactions

During the year, the Company entered into the following transactions with related parties who are not members of the Group:

	Amounts owed to related parties	Amounts owed to related parties	Purchase of goods	Purchase of goods
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
ArcelorMittal Sheffield Limited	-	51	187	314
Swordfish Investments LLP	-	8	32	28

Loans to subsidiaries

	2015 £'000	2014 £'000
Loans to Hope Ready Mixed Concrete Limited	15,709	15,709
Loans to Hope Cement Limited	248,657	248,657

Amounts repayable from Hope Ready Mixed Concrete Limited and Hope Cement Limited are long term and from July 2014 all interest payable was waived.

Borrowings

	31 December 2015 £'000	31 December 2014 £'000
Primary Investments S.a.r.l.	62,500	62,500
Hope Ready Mixed Concrete Limited	15,494	15,494
Hope Cement Limited	248,664	248,665

Amounts repayable to the immediate parent company of the Company's shareholder, Cortolina Investments S.a.r.l., are long-term and carries interest of 4.75 per cent above GBP LIBOR per annum charged on the outstanding loan balances (see note 39).

Remuneration of key management personnel

No directors received any fees or emoluments from the Company during the year. Refer to note 30 of the notes to the consolidated financial statements for remuneration of other key management personnel.

Hope Construction Materials Limited

Notes to the Company financial statements (continued) For the year ended 31 December 2015

49. Contingent liabilities

The Group has taken advantage of the exemption from audit under Section 479A of the Companies Act 2006. As a result, for the year ended 31 December 2015, the following subsidiaries are entitled to exemption from audit.

Hope Ready Mixed Concrete Limited

Company Number: 08132394

Hope Cement Limited

Company Number: 08134185

50. Ultimate controlling party

The Company is a subsidiary undertaking of Cortolina Investments S.a.r.l. a company incorporated in Luxembourg. Hope Construction Materials Limited does not have an ultimate controlling party, with control being equally shared between Mittal Investments S.a.r.l and M1 Cement Holding Limited.