

Registered number: 00300002

HANSON QUARRY PRODUCTS EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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HANSON QUARRY PRODUCTS EUROPE LIMITED

COMPANY INFORMATION

DIRECTORS

B Charleton
D J Clarke (appointed 12 September 2013)
J A Claydon
M H F Colligan
D H J Gauthier
E A Gretton
S R Harrison
P J O'Shea
P K Redmond
D P Sharman (resigned 25 January 2013)
S Pirinccioglu (resigned 31 August 2013)

COMPANY SECRETARY

R T V Tyson

COMPANY NUMBER

00300002

REGISTERED OFFICE

Hanson House
14 Castle Hill
Maidenhead
SL6 4JJ

AUDITOR

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

HANSON QUARRY PRODUCTS EUROPE LIMITED

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HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

BUSINESS REVIEW

The Company's principal activity is the supply of materials and services to the construction industry.

The Directors are satisfied with the financial position of the Company at the end of the year, in light of the current market conditions, and consider that it has weathered the worst of the economic downturn and believe it is well placed to take advantage of the improving economic conditions being seen in 2014 and hopefully beyond.

In April 2014, the Company acquired the remaining interest in its joint venture Midland Quarry Products Limited for cash consideration of £28m.

The Company forms part of the Hanson UK operating division of HeidelbergCement AG. The division is managed along operational lines rather than by statutory entity and incorporates a number of statutory entities.

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

DEVELOPMENTS DURING THE YEAR

The Company enjoyed better difficult trading conditions which saw a improvement in the Company's key markets from 2012. A release of £910,000 (2012: charge £6,817,000) has been recognised in respect of restructuring costs and £1,223,000 (2012: £12,165,000) of impairment on the Company's tangible fixed assets.

PRINCIPAL RISKS AND UNCERTAINTIES

Market demand risk

The demand for many products produced by the Company is closely linked with economic conditions. As a result, depressed economic conditions in the United Kingdom have an adverse effect on demand for and pricing of the Company's products which could result in reduced sales and profits.

Most of the markets in which the Company operates are extremely competitive. Local factors such as the number of competitors and production capacity, the proximity of natural resources, economic conditions and product demand exert further competitive pressure. The pricing policies of the Company's competitors in the markets in which it operates can have an adverse effect on the demand for and pricing of the Company's products. Consequently the Company's profitability may be affected.

Seasonality risk

Extended periods of inclement weather, especially periods of heavy or sustained rainfall, during peak construction periods can result in a material reduction in demand for the Company's products. It may also impact the Company's ability to produce products and consequently result in reduced revenues and profits.

HANSON QUARRY PRODUCTS EUROPE LIMITED

STRATEGIC REPORT (continued)

Regulatory risk

Government policy relating to the development of transport infrastructure and housing have a significant effect on demand for the Company's products and, as a result, the Company's profitability. Decreases in government funding for transport infrastructure and housing projects could reduce the funds available for spending on the Company's products, therefore potentially reducing sales and profits.

Changes in government policy or legislation relating to planning, the environment, health and safety and industry related taxes could significantly affect the Company's regulatory compliance and other operating costs. Numerous governmental approvals are required for the Company's operations. In the past the Company has been required to make significant capital expenditure to comply with planning, water, air and solid and hazardous waste regulations. The Company may be required to make similar expenditure in the future to ensure business continuity. The imposition of industry related taxes such as the aggregates levy and the climate change levy increase the costs of the Company and encourage imports of competing products and product substitution.

Energy risk

The Company is a significant purchaser of energy and fuel for the processing and transport of its products. The Company also purchases significant amounts of materials including bitumen for use in asphalt production and cement for use in premix concrete production. The cost of these materials and the cost of energy and fuel fluctuates, sometimes by significant amounts. Increases in the costs of these materials, or their lack of availability can significantly impact the Company's costs and disrupt its operations. The profitability of the Company could be adversely affected if the Company was not able to recoup such costs in the prices of its products. The Company attempts to limit its exposure to these risks by entering into hedges where appropriate. Transport logistics play an important part in the Company's supply chain whether by road, rail or river. Any material disruption to, or lack of availability, of such transport support could significantly impact operating costs and reduce profitability.

Systems compliance risk

The implementation of software to improve the efficiency and effectiveness of various business processes is an important contributor to the Company's ongoing operations. Failure to design, select appropriate suppliers and implement such systems effectively could result in unplanned costs or reduced levels of customer satisfaction. This could adversely affect the Company's results and profitability.

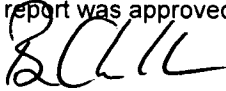
Credit risk

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

Transport Risk

Transport logistics play an important part in the Company's supply chain whether by road, rail or river. Any material disruption to, or lack of availability, of such transport support could significantly impact operating costs

This report was approved by the board on 29 September 2014 and signed on its behalf.


B Charleton
Director

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report and the financial statements for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £7,206,000 (2012 - loss £50,179,000).

The directors do not recommend the payment of a dividend for the year (2012: £nil).

FUTURE DEVELOPMENTS

the UK economy and the construction industry have begun to improve with 2014 showing increased levels of production and early signs of a economic recovery, which it is hoped will continue into 2015 and beyond.

However, the general outlook for the construction sector remains uncertain, with government spending cuts now firmly embedded in the UK and macroeconomic uncertainty within the Eurozone remaining.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is fully committed to research and development. It continually reviews the range of products it produces in order to meet the changing requirements of the market place. Research and development costs are written off in the year in which they are incurred.

EMPLOYEE INVOLVEMENT

The Company carries out its business through a regional structure, consisting of business units.

Each of these business units is encouraged to make its employees aware of the financial and economic factors affecting the performance of their employing unit. Such businesses evolve their own consultative policies. Methods of communication used include bulletins, intranet and management briefings. Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or national origin, sex or marital status.

Training for employees continues in line with the economic climate prevailing within each of the businesses. Courses and seminars are held particularly in the field of industry associated technology.

DISABLED EMPLOYEES

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

CHARITABLE CONTRIBUTIONS

During the year, the Company made charitable donations of £65,956 (2012: £77,976).

GOING CONCERN

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

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

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

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

DIRECTORS

The Directors who served during the year were:

B Charleton
D J Clarke (appointed 12 September 2013)
J A Claydon
M H F Colligan
D H J Gauthier
E A Gretton
S R Harrison
P J O'Shea
P K Redmond
D P Sharman (resigned 25 January 2013)
S Pirinccioglu (resigned 31 August 2013)

DIRECTORS' INDEMNITY

A fellow group undertaking has indemnified, by means of directors and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving this report.

HANSON QUARRY PRODUCTS EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

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

This report was approved by the board on 29 September 2014 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'B Charleton', written in a cursive style.

B Charleton
Director

HANSON QUARRY PRODUCTS EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON QUARRY PRODUCTS EUROPE LIMITED

We have audited the financial statements of Hanson Quarry Products Europe Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSON QUARRY PRODUCTS EUROPE LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Ernst & Young LLP

Paul Mapleston (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP, Statutory auditor

The Paragon

Counterslip

Bristol

BS1 6BX

30 September 2014

HANSON QUARRY PRODUCTS EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
TURNOVER	1,2	621,236	600,181
Cost of sales		(580,443)	(575,602)
GROSS PROFIT		40,793	24,579
Administrative expenses		(76,987)	(70,544)
Exceptional administrative expenses	8	910	(16,817)
Total administrative expenses		(76,077)	(87,361)
Other operating income	3	5,976	6,795
OPERATING LOSS		(29,308)	(55,987)
EXCEPTIONAL ITEMS			
Net profit on sale of tangible fixed assets	8	10,859	6,721
Other exceptional items	8	(3,223)	(17,434)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(21,672)	(66,700)
Income from shares in group undertakings		6,450	13,925
Interest receivable and similar income	9	1,731	23
Interest payable and similar charges	10	(1,961)	(2,959)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,452)	(55,711)
Tax on loss on ordinary activities	11	8,246	5,532
LOSS FOR THE FINANCIAL YEAR	22	(7,206)	(50,179)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 11 to 29 form part of these financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED
REGISTERED NUMBER: 00300002

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Intangible assets	12		11,544	13,964
Tangible assets	13		492,139	497,783
Investments	14		2,320,260	2,293,917
			<u>2,823,943</u>	<u>2,805,664</u>
CURRENT ASSETS				
Stocks	15	38,313		37,651
Debtors	16	44,696,019		45,576,511
Cash at bank		16,589		7,282
		<u>44,750,921</u>		<u>45,621,444</u>
CREDITORS: amounts falling due within one year	17	<u>(7,906,941)</u>	<u>(8,740,437)</u>	
NET CURRENT ASSETS			<u>36,843,980</u>	<u>36,881,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>39,667,923</u>	<u>39,686,671</u>
CREDITORS: amounts falling due after more than one year	18		(2,423)	(2,662)
PROVISIONS FOR LIABILITIES				
Deferred tax	19	(939)		(9,185)
Other provisions	20	<u>(30,187)</u>	<u>(33,244)</u>	
			<u>(31,126)</u>	<u>(42,429)</u>
NET ASSETS			<u><u>39,634,374</u></u>	<u><u>39,641,580</u></u>
CAPITAL AND RESERVES				
Called up share capital	21		51,917	51,917
Share premium account	22		41,037,423	41,037,423
Revaluation reserve	22		205,923	210,893
Other reserves	22		4,650	4,650
Profit and loss account	22		<u>(1,665,539)</u>	<u>(1,663,303)</u>
SHAREHOLDERS' FUNDS	23		<u><u>39,634,374</u></u>	<u><u>39,641,580</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2014.



B Charleton
Director

The notes on pages 11 to 29 form part of these financial statements.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

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

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

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

1.5 Income from investments

Income from investments includes dividends received from subsidiary undertakings and other investments and is recognised in the profit and loss account on a receivable basis.

1.6 Interest income

Revenue is recognised as interest accrues using the effective interest method.

1.7 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Expenditure on computer software which is not deemed to be integral to the computer hardware is capitalised at cost and amortised on a straight line basis over its economic life.

Options to acquire freehold / leasehold mineral bearing land are capitalised and amortised over the period of the option. Upon exercise any remaining unamortised balance will be treated as the asset acquisition cost.

The carrying value of intangible fixed assets is reviewed for impairment at the end of the first full year of acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	up to 50 years
L/Term Leasehold Property	-	over the life of the lease
S/Term Leasehold Property	-	over the life of the lease
Plant and machinery	-	4 - 30 years

An amount equal to the excess of the annual depreciation charge on re-valued assets over the notional historical cost depreciation charge on these assets is transferred annually from the revaluation reserve to the profit and loss reserve.

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

The cost of removing overburden to access the minerals is added to the cost of the mineral reserve and depreciated over the relevant minerals.

Mineral depletion is provided based on the tonnage of material extracted during the year. No depreciation is provided on non mineral bearing freehold land.

1.9 Revaluation of tangible fixed assets

Certain mineral bearing land has subsequently been revalued as at 1 July 1989, with the revaluation being taken to a revaluation reserve. The transition rules of FRS 15 have been adopted for mineral bearing land, which permits the retention of the carrying value at the prevailing revalued amount. No further revaluations will be made in respect of this mineral bearing land.

1.10 Government grants

Government and similar grants received for the acquisition of assets are recognised only when there is reasonable assurance that they will be received and any conditions attached to them have been fulfilled. The grant is held in the balance sheet within deferred income and released to the profit and loss account over the periods necessary to match the related depreciation charges or other expenses of the asset as they are incurred.

1.11 Leasing commitments

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

1.12 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.13 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads. Full provision is made against slow moving or obsolete stocks based on historical experience and current market conditions.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.14 Long-term contracts

Long term contracts are assessed on a contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is shown excluding value added taxes and is ascertained by reference to cost incurred, plus profit attributable to the state of completion less foreseeable losses.

The amount by which recorded turnover is in excess of payments on account has been classified as amounts recoverable on contracts and disclosed separately within debtors.

The balance of payments on account in excess of amounts matched with turnover has been classified as payments on account and disclosed within creditors.

1.15 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets (and similar fair value adjustments), or gains on disposal of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made when, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled into replacement assets and charged to tax only when the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.16 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of rectification, kiln repairs and rationalisation are charged against profits when required. The effect of the time value of money is not material and therefore the provisions are not discounted.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.17 Restoration

The Company aims to reinstate land following mineral extraction or industrial occupation to a beneficial use as soon as is reasonably practicable. This is done by consulting with interested parties to ensure that the after use is appropriate to both the needs of local people and the natural environment.

The Company's accounting policy is to make a provision on a discounted basis to return a quarry site to a decontaminated, cleared and improved site and to make provision to restore the present extracted areas to currently anticipated after use. The unwinding of discounts relating to restoration are expensed to the profit and loss account and included in interest payable.

1.18 Interest bearing loans

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

1.19 Financial instruments

The Company occasionally uses derivative financial instruments to hedge fuel price risks. The Company has not adopted fair value accounting and does not use derivative financial instruments for speculative purposes.

1.20 Research and development

Expenditure on research and development is written off against profits in the period in which it is incurred.

1.21 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.22 Pensions

The Company participates in the Hanson Industrial Pension Scheme and the Castle Pension Scheme, which are of the funded defined benefit type. Funds are held externally under the supervision of the corporate trustees. Based on the advice from the Scheme's actuaries, the Directors are unable to split the Scheme's assets and liabilities between the various Hanson sponsoring companies. Accordingly, contributions to the Scheme are expensed as the liability for payment arises. Further details are given in note 25 to these accounts.

The Company also participates in the Hanson Industrial Pension Scheme (Defined Contribution Section). Company contributions are expensed to the profit and loss account as incurred.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. TURNOVER

Turnover, pre tax loss and net assets are attributable to the one continuing activity of the supply of building materials and services to the construction industry.

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2013 £000	2012 £000
Other operating income	4,733	5,232
Net rents receivable	1,243	1,563
	<u>5,976</u>	<u>6,795</u>

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2013 £000	2012 £000
Amortisation - intangible fixed assets	2,460	2,557
Deprecation of tangible fixed assets	28,855	27,440
Auditor's remuneration - audit services	565	561
Auditor's remuneration - non audit services	-	30
Operating lease rentals:	-	-
- plant and machinery	3,114	2,444
- other operating leases	10,015	9,902
Difference on foreign exchange	99	(16)
Government grants and similar income	(215)	(215)
	<u></u>	<u></u>

Fees for audit services include costs incurred on behalf of other group undertakings. It is not practicable to ascertain what proportion of such fees relate to other group undertakings.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

	2013 £000	2012 £000
Wages and salaries	66,097	67,911
Social security costs	6,599	7,276
Other pension costs	17,216	12,575
	<u>89,912</u>	<u>87,762</u>

The average monthly number of employees, including the Directors, during the year was as follows:

No.	No.
<u>1,789</u>	<u>1,937</u>

Included within staff costs above is a charge of £487,000 (2012: £248,000) in relation to the HeidelbergCement AG Long Term Incentive Plan (LTIP).

6. DIRECTORS' REMUNERATION

	2013 £000	2012 £000
Remuneration	<u>1,791</u>	<u>2,375</u>
Company pension contributions to defined contribution pension schemes	<u>107</u>	<u>101</u>

During the year retirement benefits were accruing to no Directors (2012 - 1) in respect of defined benefit pension schemes.

The highest paid Director received remuneration of £805,000 (2012 - £1,069,000).

The total accrued pension provision of the highest paid Director at 31 December 2013 amounted to £125,000 (2012 - £125,000).

7. SHARE-BASED PAYMENTS

Sharesave Scheme

Following the acquisition by Lehigh UK Limited in 2007, options under the Hanson Sharesave Schemes ceased to be exercisable on 23 March 2008, but participants could continue to hold their options and, subject to the rules of the scheme, exercise those options on the maturity of the related savings contract. The share price of Hanson PLC (now Hanson Limited) was £11.00 at the date of the acquisition and all options exercised following the acquisition will assume a notional share price of £11.00 and any gains after deducting the exercise price will be settled in cash. Accordingly, the scheme no longer requires disclosure under FRS 20 as it is no longer equity settled nor is the settlement dependent on a share price.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. EXCEPTIONAL ITEMS

	2013 £000	2012 £000
Restructuring costs	910	(6,817)
Contract value reassessment	-	(10,000)
Impairment of tangible fixed assets	(1,223)	(12,165)
Impairment of investments	(2,000)	(10,000)
Reversal of impairment of investments	-	4,766
Impairment of intangible fixed assets	-	(36)
	<u>(2,313)</u>	<u>(34,252)</u>

Following the receipt of a dividend from a subsidiary, an impairment has been recognised to reduce the investment carrying value to the net assets of the subsidiary 2013 £2,000,000 (2012 £10,000,000).

Due to continued weak market conditions in 2013 and 2012, management reviewed the recoverability of its tangible fixed assets, including mineral reserves, and identified £1,223,000 (2012 £12,165,000) of assets that were impaired.

Due to the deterioration of market conditions in 2012, management implemented productivity improvements and cost reduction measures to ensure that the Company is able to retain its competitive advantage. This has led to anticipated restructuring costs £6,817,000 in 2012.

In 2012, the Company was involved in a dispute in regards to the recoverable value on a significant contract and has recognised a provision of £10,000,000.

9. INTEREST RECEIVABLE

	2013 £000	2012 £000
Interest receivable from group companies	1,731	22
Other interest receivable	-	1
	<u>1,731</u>	<u>23</u>

10. INTEREST PAYABLE

	2013 £000	2012 £000
Other interest payable	1,608	396
Unwinding of discount on provisions	353	2,563
	<u>1,961</u>	<u>2,959</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. TAXATION

	2013 £000	2012 £000
Analysis of tax charge in the year		
Deferred tax		
Effect of decreased tax rate on opening liability	69	(805)
Prior year credit	(9,535)	(4,662)
Current year (credit) / charge	1,220	(65)
Total deferred tax (see note 19)	<u>(8,246)</u>	<u>(5,532)</u>
Tax on loss on ordinary activities	<u>(8,246)</u>	<u>(5,532)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Loss on ordinary activities before tax	<u>(15,452)</u>	<u>(55,711)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(3,593)	(13,649)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	699	3,789
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	382	313
Capital allowances for year in excess of depreciation	(2,360)	(1,687)
Short term timing difference leading to an increase (decrease) in taxation	943	1,756
Capital gains	86	(16)
Dividends from UK companies	(1,500)	(3,412)
Tax deduction arising from exercise of employee options	(9)	(65)
Group relief	(252,838)	(287,797)
Transfer pricing adjustments	258,190	300,768
Current tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

During the year, further reductions in the main corporation tax rates were enacted that will have an effect on future tax charges of the Company. The rate reduces to 21% on 1 April 2014 and to 20% on 1 April 2015.

No provision has been made for deferred tax on the sale of assets where potentially taxable gains have been rolled over into the replacement assets. Such tax would become payable only if the assets were sold without it being possible to claim rollover relief or offsetting existing capital losses.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. INTANGIBLE FIXED ASSETS

	Computer software £000	Other intangible assets £000	Goodwill £000	Total £000
Cost				
At 1 January 2013	10,169	2,344	21,914	34,427
Additions	35	5	-	40
Disposals	-	(2,259)	-	(2,259)
At 31 December 2013	10,204	90	21,914	32,208
Amortisation				
At 1 January 2013	5,672	2,318	12,473	20,463
Charge for the year	1,408	12	1,040	2,460
On disposals	-	(2,259)	-	(2,259)
At 31 December 2013	7,080	71	13,513	20,664
Net book value				
At 31 December 2013	3,124	19	8,401	11,544
At 31 December 2012	4,497	26	9,441	13,964

Other intangible assets include options to purchase or lease mineral bearing land.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. TANGIBLE FIXED ASSETS

	Property and mineral resources £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2013	534,306	520,444	1,054,750
Additions	15,198	11,073	26,271
Disposals	(3,317)	(23,512)	(26,829)
Transfer between classes	38	(38)	-
At 31 December 2013	546,225	507,967	1,054,192
Depreciation			
At 1 January 2013	185,902	371,065	556,967
Charge for the year	9,091	19,764	28,855
On disposals	(1,906)	(23,086)	(24,992)
Impairment charge	1,035	188	1,223
At 31 December 2013	194,122	367,931	562,053
Net book value			
At 31 December 2013	352,103	140,036	492,139
At 31 December 2012	348,404	149,379	497,783

Analysis of property and mineral resources at net book value:

	2013 £000	2012 £000
Freehold land and buildings	297,751	293,252
Leasehold property - short	54,352	55,152
Total	352,103	348,404

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' the carrying values of the Company's assets at 31 December 2013 have been compared to their recoverable amounts, represented by their value in use to the Company.

The historical cost of mineral bearing land shown at valuation amounts to £162.1m as at 31 December 2013 (2012: £153.4m) and the accumulated depreciation thereon would have been £69.6m (2012: £66.1m).

Mineral bearing land was revalued internally, on an open market value for existing use basis, on 1 July 1989 by a professionally qualified surveyor.

The net book value of assets held at valuation was £307.6m as at 31 December 2013 (2012: £306.7m).

Total cost and valuation as at 31 December 2013 was £468.5m (2012: £460.0m). Accumulated depreciation at 31 December 2013 was £160.9m (2012: £153.3m).

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

14. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Investments in joint ventures £000	Other investments £000	Total £000
Cost or valuation				
At 1 January 2013	2,296,019	23,000	100	2,319,119
Additions	28,343	-	-	28,343
Transfers between classes	23,000	(23,000)	-	-
At 31 December 2013	2,347,362	-	100	2,347,462
Impairment				
At 1 January 2013	25,102	-	100	25,202
Charge for the year	2,000	-	-	2,000
At 31 December 2013	27,102	-	100	27,202
Net book value				
At 31 December 2013	2,320,260	-	-	2,320,260
At 31 December 2012	2,270,917	23,000	-	2,293,917

In April 2014, the Company acquired the remaining interest in its joint venture Midland Quarry Products Limited for cash consideration of £28m.

Subsidiary undertakings

The investments in which the Company directly held more than 20% of the nominal value of any class of share capital are as follows:

Name	Class of share	Holding	Business	Registered office
Hanson Building Materials Europe Limited	A ordinary	100 %	Investment holding company	England and Wales
Cumbrian Industrials Limited	B ordinary	100 %		
	Ordinary	100 %	Building, civil engineering and road maintenance	England and Wales
Midland Quarry Products Limited	Deferred	100 %		
	A ordinary	100 %	Aggregates and asphalt	England and Wales
	B ordinary	100 %		
	C ordinary	100 %		
	A preference	100 %		
	B preference	100 %		
Nationwide Premixed Limited	A ordinary	100 %	Builders merchant	England and Wales
Habfield Limited	Ordinary	100 %	Dormant	England and Wales
Joyce Green Aggregates Limited	Ordinary	50 %	Aggregates	England and Wales

The Directors of the Company are of the opinion that the number of subsidiary undertakings in respect of which the Company is required to disclose information under section 409 of the Companies Act 2006 is such that it would result in information of excessive length. Advantage has been taken of section 410 of the Companies Act 2006 in that the information is only given relating to directly owned securities.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

15. STOCKS

	2013	2012
	£000	£000
Raw materials	7,765	7,346
Finished goods and goods for resale	30,548	30,305
	<u>38,313</u>	<u>37,651</u>

The replacement cost of stocks is not materially different to the amounts recorded above.

16. DEBTORS

	2013	2012
	£000	£000
Due after more than one year		
Other debtors	5,867	6,272
Due within one year		
Trade debtors	37,556	55,560
Amounts owed by group undertakings	44,633,917	45,457,975
Other debtors	14,772	12,257
Prepayments and accrued income	2,479	42,128
Amounts recoverable on long term contracts	1,428	2,319
	<u>44,696,019</u>	<u>45,576,511</u>

Amounts owed by group undertakings includes a balance of £90,008,000 (2012: £110,944,000) which accrues interest at LIBOR, and a balance of £129,369,000 which accrues interest at LIBOR +2.5% all other amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts recoverable on contracts comprise:

	2013	2012
	£000	£000
Recorded contract turnover	38,807	49,873
Less: payments on account	(37,379)	(47,554)
	<u>1,428</u>	<u>2,319</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. CREDITORS: Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	75,652	61,611
Amounts owed to group undertakings	7,770,380	8,607,121
Amounts owed to joint ventures	-	4,150
Other taxation and social security	11,882	12,265
Other creditors	30,878	37,281
Accruals and deferred income	18,149	18,009
	<u>7,906,941</u>	<u>8,740,437</u>

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

18. CREDITORS: Amounts falling due after more than one year

	2013 £000	2012 £000
Other creditors	<u>2,423</u>	<u>2,662</u>

Creditors falling due after one year include amounts falling due as follows:

	2013 £000	2012 £000
- between one to five years	1,276	1,300
- after five years	1,147	1,362
Total	<u>2,423</u>	<u>2,662</u>

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

19. DEFERRED TAXATION PROVISION

	2013 £000	2012 £000
At beginning of year	9,185	14,717
Released during year (P&L)	(8,246)	(5,532)
	<u>939</u>	<u>9,185</u>
At end of year	<u>939</u>	<u>9,185</u>

The provision for deferred taxation is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	6,363	13,666
General provisions	(5,424)	(4,481)
	<u>939</u>	<u>9,185</u>
	<u>939</u>	<u>9,185</u>

20. PROVISIONS

	Other £000	Restoration & environmental £000	Total £000
At 1 January 2013	8,790	24,454	33,244
Additions	2,415	1,112	3,527
Amounts used	(3,582)	(2,086)	(5,668)
Amounts reversed	(910)	(358)	(1,268)
Discounted adjustments	(109)	461	352
	<u>6,604</u>	<u>23,583</u>	<u>30,187</u>
At 31 December 2013	<u>6,604</u>	<u>23,583</u>	<u>30,187</u>

Other

Other provisions include amounts committed in respect of redundancy and other restructuring costs and provisions for rectification works where instances of defective supply have been notified.

Restoration & environmental

Restoration and environmental provisions relate mainly to the costs of restoring quarries and other sites after use as required by legal or other constructive requirements. Restoration and environmental provisions will be utilised as and when mineral reserves at the Company's quarries are extinguished, in some cases this will be in excess of 50 years.

Provisions for terminal restoration have been discounted at 3.66% (2012: 3.47%) per annum on current prices and where appropriate have been established after taking account of the advice of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. All amounts greater than 12 months are discounted.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

21. SHARE CAPITAL

	2013 £000	2012 £000
Allotted, called up and fully paid		
103,833,567 ordinary shares of £0.50 each	51,917	51,917

22. RESERVES

	Share premium account £000	Revaluation reserve £000	Capital reserve £000	Profit and loss account £000
At 1 January 2013	41,037,423	210,893	4,650	(1,663,303)
Loss for the financial year	-	-	-	(7,206)
Transfer between Revaluation reserve and P/L account	-	(4,970)	-	4,970
At 31 December 2013	41,037,423	205,923	4,650	(1,665,539)

The capital reserve represents amounts received from Hanson Trustees Limited for the purpose of paying future liabilities relating to the closure of employee share schemes.

23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	39,641,580	39,691,759
Loss for the financial year	(7,206)	(50,179)
Closing shareholders' funds	39,634,374	39,641,580

24. CAPITAL COMMITMENTS

At 31 December 2013 the Company had capital commitments as follows:

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	2,588	1,201

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

25. PENSION COMMITMENTS

Hanson Industrial Pension Scheme

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

The valuation of the Scheme has been based on the most recent actuarial valuation at 31 December 2012 and was updated by the Scheme Actuary, Hewitt Associates Limited, to take account of the requirements of FRS17 in order to assess the liabilities of the Scheme at 31 December 2013. The values as at 31 December 2012 were updated from the 2009 valuation. The Scheme was closed to future accrual in September 2010. Scheme assets are stated at their market values at the respective balance sheet dates.

The assets and liabilities of the scheme at 31 December are:

	2013 £000	2012 £000
<i>Scheme assets at fair value</i>		
Equities	463,700	452,289
Real estate	130,300	122,611
Interest rate swaps	32,900	76,400
Hedge funds	-	88,771
Nominal government bonds	47,700	147,500
Nominal corporate bonds	104,500	99,400
Index linked bonds	329,700	161,700
Insurance policies	12,060	17,550
Cash and cash equivalents	305,800	291,400
Other	112,559	-
	<hr/>	<hr/>
Fair value of scheme assets	1,539,219	1,457,621
Present value of scheme liabilities	(1,402,284)	(1,406,680)
	<hr/>	<hr/>
Defined benefit scheme asset	136,935	50,941
Related deferred tax liability	(27,387)	(11,716)
	<hr/>	<hr/>
Net asset	109,548	39,225
	<hr/>	<hr/>

The Scheme has not directly invested in any of the Group's own securities nor in properties or other assets used by the Group.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

25. PENSION COMMITMENTS (continued)

The main actuarial assumptions used in the valuation are set out below:

	2013 %	2012 %
Rate of salary increases	3.5	4.0
Rate of increase in pension payments	3.2	2.9
Discount rate	4.6	4.5
RPI inflation assumption	3.4	3.0
CPI inflation assumption	2.4	2.3
Expected return on scheme assets		
Equities	7.6	7.2
Property	6.6	5.7
Debt securities	3.6	2.7
LDI	3.6	2.7
Hedge funds	7.6	5.3
Insured pension	4.6	4.5
Cash / currency	3.6	3.1

The mortality assumptions are based on recent actual mortality experience of members within the Scheme with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 22.1 years if they are male (2012: 22.2 years) and for a further 24.3 years if they are female (2012: 24.4 years).

For a member who retires in 2034 (2012: 2033) at the age of 65 the assumptions are that they will live on average for a further 23.7 years after retirement if they are male (2012: 23.9 years) and for a further 26.2 years after retirement if they are female (2012: 26.3 years).

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

	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Rate of salary increases	Increase / decrease 1%	Nil
Discount rate	Increase / decrease 1%	Decrease 14% / increase 18%
Inflation assumption	Increase / decrease 1%	Increase 11% / decrease 10%
Mortality	Increase / decrease 1 year	Increase 4% / decrease 4%

Currently the schedule of contributions sets out that the employer will pay deficit repair contributions of £13.8 million in 2014.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

25. PENSIONS (continued)

Changes in the present value of the defined benefit obligations are analysed as follows:

	2013 £000	2012 £000
Opening defined benefit obligation	1,406,680	1,372,304
Current service cost	3,124	3,500
Interest cost	61,937	63,172
Actuarial (gains) / losses	(4,883)	28,355
Benefits paid	(64,574)	(60,651)
	<u>1,402,284</u>	<u>1,406,680</u>
Closing defined benefit obligation		

Changes in the fair value of plan assets are analysed as follows:

	2013 £000	2012 £000
Opening fair value of scheme assets	1,457,621	1,424,720
Expected return on scheme assets	61,208	58,966
Actuarial gains	65,380	16,302
Contributions by the employer	19,584	18,284
Benefits paid	(64,574)	(60,651)
	<u>1,539,219</u>	<u>1,457,621</u>
Closing fair value of scheme assets		

Amounts for the current and previous four years:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Fair value of scheme assets	1,539,219	1,457,621	1,424,720	1,322,190	1,214,730
Defined benefit obligation	(1,402,284)	(1,406,680)	(1,372,304)	(1,238,520)	(1,226,362)
	<u>136,935</u>	<u>50,941</u>	<u>52,416</u>	<u>83,670</u>	<u>(11,632)</u>
Surplus (deficit) in scheme					
Experience gains (losses) on scheme assets	65,380	16,302	75,397	73,715	2,776
Experience gains (losses) on scheme liabilities *	22,221	(10,836)	(15,338)	30,585	2,848

* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

The Company also participates in the Hanson Industrial Pension Scheme (Defined Contribution Section). The charge to the profit and loss account in respect of this scheme was £4,685,000 (2012: £3,307,000).

At the year end, there were unpaid defined benefit pension contributions of £70,000 (2012: £74,000) and unpaid defined contribution pension contributions of £1,400,000 (2012: £1,308,000) included in creditors.

HANSON QUARRY PRODUCTS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

26. OPERATING LEASE COMMITMENTS

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other	Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Within 1 year	685	372	336	12
Between 2 and 5 years	1,687	1,888	2,720	2,749
After more than 5 years	7,398	7,015	-	-
Total	9,770	9,275	3,056	2,761

27. CONTINGENT LIABILITIES

Guarantees relating to performance bonds on certain construction supply contracts and financial commitments of haulage contractors made in the normal course of business, which are not expected to crystallise.

	2013	2012
	£000	£000
Guarantees	8,715	10,587

HeidelbergCement AG entered into a syndicated credit agreement in April 2010. Under the terms of this agreement, HeidelbergCement AG has procured that certain group undertakings, including Hanson Quarry Products Europe Limited provide a guarantee to the facility arranger which would allow them to seek recovery of amounts outstanding upon any default of HeidelbergCement AG. As at 31 December 2013, the amounts drawn under this loan agreement totalled €258 million and this is the maximum value of the Company's contingent liability.

In February 2014, HeidelbergCement AG entered into a new syndicated credit agreement and this resulted in the release of the Company from the guarantee to the facility arranger.

28. RELATED PARTY TRANSACTIONS

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

The Company enters into transactions to sell and purchase building products from its participating and joint venture interests. These transactions are carried out at normal commercial terms. There were no other material related party transactions which need disclosure.

29. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is UDS (No. 10), a company registered in England and Wales. The Company's ultimate parent undertaking is HeidelbergCement AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by HeidelbergCement AG. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D-69120 Heidelberg, Germany.