

CEMEX UK OPERATIONS LIMITED
DIRECTORS' REPORTS AND FINANCIAL STATEMENTS
For the year ended 31 December 2015

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Company Number 658390



CEMEX UK OPERATIONS LIMITED

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CEMEX UK OPERATIONS LIMITED

Strategic report

The directors present the strategic report of the Company for the year ended 31 December 2015.

Principal activity Throughout 2015, CEMEX UK Operations Limited continued to provide construction customers across the UK with high quality building materials, in its own name, and through a number of group companies acting as its agents. (See page 46 for details of agent companies).

Business review CEMEX is a global building materials company with a presence in more than 50 countries. The company CEMEX started out as a local cement producer in Mexico in 1906. The business has since grown to become one of the largest building materials providers in the world. We produce, distribute and market cement, readymixed concrete, aggregates and related products to customers in more than 50 countries, and employ approximately 44,000 people worldwide.

CEMEX UK Operations Limited is the principal CEMEX trading company in the United Kingdom. Its core operation in 2015 continued to be extraction, processing and distribution of building materials across a national supply network of over 280 operating sites.

As of 31 December 2015, CEMEX UK Operations Limited operated 2 cement plants and a clinker blending and grinding facility in the United Kingdom. As of that date, it also operated 2 cement import terminals, 194 readymix concrete plants and 56 aggregate quarries, in addition to asphalt, mortar, concrete blocks, concrete block paving, railway sleepers, flooring and other precast operating units. CEMEX UK Operations Limited also operates a paving solutions contracting business.

During 2015 we continued to produce and sell cement in both bulk and packed forms. The bulk cement was primarily used in readymix concrete production and the manufacturing of concrete blocks and precast products with approximately 50% of the cement produced used internally for these purposes the rest sold to similar cement consumers. Our packed cement products were primarily sold to builders merchants.

In 2015, our UK aggregates sales included sand and gravel, limestone and hard stone. A proportion of our aggregates were obtained from marine sources around the UK coast. Approximately half of our UK aggregates production was consumed by our own readymix concrete, asphalt, paving solutions, concrete block and precast operations, with the rest sold to major contractors for use in the built environment and infrastructure projects.

Our readymix concrete is mainly sold to contractors for use in construction projects including housing, infrastructure and commercial building developments. In 2015, our readymix concrete division sourced most of its cement and aggregates requirements from our cement and aggregates operations.

CEMEX UK OPERATIONS LIMITED

Strategic report *continued*

Market conditions

The construction market continued its path to recovery during 2015, having started its journey after Q1 in 2013. Although slower than the previous year, nevertheless over the year growth across the sector reached 3.2%. The years had two distinct halves, with the first half being much more positive in terms of growth, but with a significant slow down during the second. Growth was principally driven by the infrastructure sector, as well as a steady growth in the house building sector. Private commercial and retail in particular slowed significantly in the second half of the year.

Performance and focus

CEMEX UK Operations Limited continued its focus on value creation through pricing performance based on product value propositions, growing our product markets by displacing other construction materials, better control of variable cost volatility and maximising the full operating leverage of the company's assets.

CEMEX UK Operations Limited continued its asset rationalisation strategy, divesting non-core or under-utilised assets to provide a leaner, more flexible asset base better suited to match future market evolution. During the year, the Company generated a net profit on sale of surplus fixed assets of £6.4 million.

Aggregates & Asphalt

The Aggregates business successfully focused on margin improvement based on a 'value added' approach to pricing and continuing to minimise production costs. Prices and margins improved compared to 2014 coupled with increases in total volumes. The business also successfully completed the sale of a number of under-utilised quarry assets. The asphalt business continued to increase its performance in 2015, helped with the introduction of the new VIA range of products.

Cement

In 2015 the UK cement market was characterised by a very competitive market place, with importers continuing to push for market share. This was driven by the continued economic difficulties in the Eurozone, and the desire among some manufacturers within the EU to ensure that they retained their full quota of carbon allowances under the EU Emissions Trading Scheme by running their kilns at a minimum of 50%, and thereby producing cement above the needs of their local markets. CEMEX UK Operations Limited's cement operations continued to be the UK cement industry's leading consumer of alternative fuels. CEMEX's South Ferriby cement plant, which suffered serious flooding in December 2013 returned to full production following extensive repairs and replacement of equipment. Some outstanding renovation and replacement is still ongoing. Costs resulting from this event have been substantially covered by insurance claims.

Readymixed concrete

During 2015 CEMEX UK Operations Limited's readymix concrete business achieved improved selling prices and volumes as the business continued to focus on price led margin growth. The readymix concrete business also introduced a number of new solutions and products for specific construction applications. Valuemix, a volumetric truck, was brought into operation in the North West and the number of trucks will be expanded during 2016. New products introduced to the market included Permaflow, a permeable concrete and Superflo-C, a flowing screed product. The business continued to be involved in a number of large scale infrastructure projects across the UK.

CEMEX UK OPERATIONS LIMITED

Strategic report *continued*

Building products

The Building Products business focused on managing its cost base, expanding its capacity in the South East of England key market and increasing production of Ready Brick, a concrete brick solution originally developed to help address the shortage of clay bricks in the market place. A new concrete T Beam flooring factory in Rochester, Kent was commissioned and brought into operation during 2015. The Rail Products division continued to be the market leader, although plans for the development of the HS2 line caused uncertainty as the principal manufacturing site at Washwood Heath in Birmingham has been designated as the site of a marshalling yard for the new line. A new tender for supply of rail sleepers was launched by Network Rail in spring 2015 and then cancelled adding to the complex nature of the site's future. Discussions continued with both HS2 Ltd and Network Rail (the site owner and principal customer) about relocation of the factory.

Sustainable development

The Company continued its partnership with the Royal Society for the Protection of Birds (RSPB) under the 5 year Memorandum of Understanding, signed in 2012. The RSPB provided guidance and advice on implementation of its Biodiversity Strategy to Give Nature a Home. With this support, the Company continues to make good progress on the industry leading targets covering its operations in the UK, including the creation and maintenance of 1,000 hectares of priority biodiversity habitats by 2020.

The Company completed accreditation of all of its operating plants to ISO 14001 during 2015, now giving 100% coverage. The Company maintained its use of the Carbon Footprint Simulator, promoting the system to customers, and raising awareness of the options to optimise the CO2 impacts of the products and solutions we supply. We continued to lead the industry by maintaining our carbon labelling portfolio to all our bulk and packed cements to a recognised standard, PAS2050.

In 2015 the Company also replaced 57 % of the traditional fossil fuels used to heat its cement kilns with alternative fuels. This is higher than the UK sector average of around 44%. Based on the renewable organic materials content in the alternative fuels referred to as biomass, the Company saved around 180,000 tonnes of CO2 over a 12 month period across its cement plants. Since 2005 we have used over 1 million tonnes of alternative fuels. The Company is a net user of waste, using around 60 times more waste and by products than we send to landfill. All products continue to be 'responsibly sourced' to BES6001 at the 'Very Good' level.

Company goals and strategy

Building products are essential for the development of sustainable communities, and the Company plays a key role in creating and maintaining Britain's built environment, including homes, hospitals, offices, schools and infrastructure.

The Company will continue to face a competitive and challenging market environment in 2016, especially with the uncertainty generated by the EU Referendum. Nevertheless, we are confident that we will deliver improved returns on the capital employed through continuing to implement our new approach to the pricing of our materials, customer service innovation, and asset rationalisation together with a continuous improvement in the efficiency of our operations.

Servicing our customers is at the centre of our strategy and we will endeavour to be the best construction solutions provider.

The Company will continue to deliver the highest standards in Health and Safety by providing the right working environment for our employees and contractors while promoting that each and every one continue to be proactive guardians of their own and their colleagues' safety.

CEMEX UK OPERATIONS LIMITED

Strategic report *continued*

Company goals and strategy (continued)

The Company continues to recognise and firmly embrace the sustainability challenges faced by our sector. We innovate well beyond regulatory requirements both in terms of our own operational performance, but also solutions for customers, for example promoting lower carbon, or more sustainable solutions. We will continue to build on the leading progress made on increasing alternative fuels use in our cement manufacturing, while continuing efforts to improve resource efficiency relating to energy, water and waste. We continue with our commitments to protect and enhance biodiversity through our partnership with the RSPB, and actively encourage participation in our employee volunteering scheme, Lendahand, to support local communities, which saw a doubling of uptake in the year to nearly 3000 hours.

The Company plans to invest, not only to make sure we grow by aligning our assets with market opportunities, but also by securing the long term viability of our business. Similarly, we will continue to review our asset portfolio and footprint to make sure we maximise our returns in line with market growth.

Key performance indicators

The high level key financial indicators used by management to measure the performance of the business are CVA (Cash Value Added) and ROCE (Return On Capital Employed), supplemented by sales volumes, turnover, margin, profit and net cash flow. ROCE for 2015 was 2.49 %, compared with 3.25% for 2014. The Company also uses non-financial key performance indicators to monitor employee engagement, sustainability and environmental compliance and health and safety performance, including tracking the number of Lost Time Injuries (LTIs) and HSE reportable incidents. In 2015 the company suffered 3 LTIs, a new record low and the Company remains committed to its target of achieving 0 LTIs. Three Category 1 or Category 2 environmental incidents occurred in 2015.

Risks and uncertainties

The Company's activities are exposed to various financial risks including foreign currency risk, credit risk, liquidity risk and interest rate risk. Risks are managed in accordance with policies approved by the directors and the CEMEX Group.

The Company is part of an international group, and is exposed to exchange rate risk on foreign currency transactions. This is associated mainly with loans, foreign currency bank accounts, and transactions with Group companies. Foreign currency balances are monitored closely to keep exposure to a minimum.

Credit risk is managed through regular customer credit checks and with exposure spread over a large number of customers. The Company, along with the CEMEX Group, monitors liquidity closely to ensure the availability of sufficient cash and credit facilities. A cash-pooling system is in place to maximise cash availability.

Interest rate risk arises on borrowings (loans and credit facilities) from banks, CEMEX Group companies and other lenders.

Awards presented in 2015

The Company won the Construction News Specialists Award as 'Supplier of the Year', and the Concrete Society award for 'Excellence In Customer Service'. CEMEX UK Operations Limited was recognised in 5 sectors of the CEMEX Global Health and Safety Awards in recognition of our performance in 2015, more than any other country within the Group, achieving 1st place in two of the sectors. The business also excelled in the RoSPA Occupational Health and Safety Awards, with our Logistics operations receiving the Management of Occupational Road Risk Technology Trophy and our Readymix business winning the Mines and Quarries Sector Award for the fifth consecutive year. In addition we were also presented with a RoSPA Order of Distinction, 2 President's Awards, 4 Gold Medals, a Gold Award for the Management of Occupational Road Risk and a Silver Award.

CEMEX UK OPERATIONS LIMITED

Strategic report *continued*

Awards presented in 2015 (continued)

We were extremely pleased that our industry leading logistics standards were recognised by Motor Transport with their "Safety in Operation" Award, in addition to us maintaining our gold accreditation in the Fleet Operator Recognition Scheme (FORS). Our efforts to improve road safety were also recognised in the prestigious Chartered Institute of Logistics & Transport Awards, where we were pleased to win the Vulnerable Road Users Safety Award.

In the Annual Mineral Products Association (MPA) Awards, our UK Operations were presented with the top Award, the John Crabbe Trophy for "Outstanding Excellence in Health & Safety". We were also pleased to see our efforts to improve contractor safety and transport being recognised with winning entries in respective sectors, in addition to a further 7 Runner Up and Highly Commended achievements.

Approved by the board of directors on 26 September 2016 and signed on its behalf by



J A Smalley
Director
CEMEX House, Coldharbour Lane, Thorpe, Egham, Surrey, TW20 8TD

CEMEX UK OPERATIONS LIMITED

Directors' report

The directors present their report and audited financial statements of the company for the year ended 31 December 2015.

Results and dividend

The profit for the year attributable to shareholders was £153,533,000 (2014: £136,738,000 profit) which was transferred to reserves.

The directors do not recommend payment of a final dividend to ordinary shareholders (2014: £nil).

During the year, 110,734,467 £1 ordinary shares were issued at par in connection with the purchase of CEMEX Hrvatska d.d. from CEMEX Investments Limited.

Directors

The directors who served during and since the end of the year are as shown below:

J Gonzalez	
M K Langvad	appointed 1 January 2015, resigned 18 December 2015
C A Leese	
I Madridejos	resigned 1 January 2016
D M J O'Donnell	resigned 30 July 2015
L H Russell	
J A Smalley	
H Tassinari	appointed 1 July 2016
C Uruchurtu	
L Zea	

Financial instruments

The Company uses financial instruments, comprising borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's business.

The main risks affecting the Company arising from the group's financial instruments are credit risk on trade debts, interest rate risk on its borrowings and exchange gains or losses on monetary assets and liabilities in foreign currencies.

Interests in land

In the opinion of the directors, the current open market value of the Company's land interests significantly exceeds the amount at which the assets are included in the balance sheet at 31 December 2015, however it is not practicable to value these assets on an annual basis.

Payment policy

The Company has a policy to settle the terms of payment with its suppliers when agreeing the terms of each transaction, ensures that those suppliers are made aware of the terms of payment, and abides by the terms of payment. Settlement of amounts payable to these suppliers is made through the Company's agents as set out in note 28.

CEMEX UK OPERATIONS LIMITED

Directors' report *continued*

Employees

At the end of 2015 our voluntary employee turnover rate was 5.0%, compared with 4.9% at the end of 2014. We aim to increase diversity and at the end of the year, about 28 nationalities were represented in our workforce and 12% were women.

Under our Diversity and Equality policy, our employees have the right to be treated equally, and with dignity and respect by their colleagues.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned and any reasonable adjustments that might need to be made. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues either by making any reasonable adjustments, or redeployment which would include appropriate re-training. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

A well trained workforce is key to our success. During 2015 on average, we provided 27 hours of training per employee. We continued to develop skills using a variety of channels, including on-the-job-training and on-line learning, including 31 sponsored further education courses, 59 National Vocational Qualifications and 1329 individual on-line learning opportunities.

Employees are kept informed via weekly newsletters, quarterly printed newsletters which are posted to all employees, quarterly audio webcasts to promote more frequent two way dialogue between top management and employees and annual road shows across the country by the UK President.

Donations

The Company made charitable donations of £63,775 (2014: £74,580) and no political donations during the year (2014: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors on 26 September 2016 and signed on its behalf by



J A Smalley

Director

CEMEX House, Coldharbour Lane, Thorpe, Egham, Surrey, TW20 8TD

CEMEX UK OPERATIONS LIMITED

Statement of directors' responsibilities in respect of the strategic report and the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of CEMEX UK Operations Limited

We have audited the financial statements of CEMEX UK Operations Limited for the year ended 31 December 2015 set out on pages 12 to 51. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 set out on page 10, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

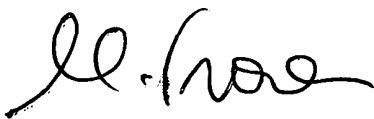
Opinion on other matters prescribed by the Companies Act 2006

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.

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.



Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

26 September 2016

CEMEX UK OPERATIONS LIMITED

Profit and loss account *for the year ended 31 December 2015*

	Note	2015 £000	2014 £000
Turnover	2	823,803	772,712
Cost of sales		(544,245)	(538,081)
Gross profit		279,558	234,631
Distribution costs		(154,024)	(145,665)
Administrative expenses		(67,382)	(71,215)
Other operating income	3	6,973	10,323
Operating profit		65,125	28,074
Profit on disposal of fixed assets		6,377	64,849
Amounts written off investments	12	(7,800)	(3,459)
Income from shares in group undertakings and participating interests		8,650	3,160
Other interest receivable and similar income	6	113,812	81,952
Interest payable and similar charges	7	(37,815)	(37,838)
Profit on ordinary activities before taxation	8	148,349	136,738
Tax on profit on ordinary activities	9	5,184	-
Retained profit for the financial year		153,533	136,738

These results are derived wholly from continuing operations.

The notes on pages 16 to 51 form part of these financial statements.

CEMEX UK OPERATIONS LIMITED

Other Comprehensive Income *for the year ended 31 December 2015*

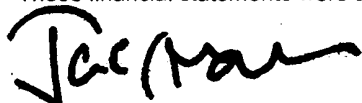
	Note	2015 £000	2014 £000
Profit for the year		153,533	136,738
Other comprehensive expense			
Remeasurement of the net defined benefit liability	22	(14,100)	(63,800)
Income tax on other comprehensive expense	9	(5,184)	-
Capital contributions		1,105	1,071
Other comprehensive expense for the year, net of income tax		(18,179)	(62,729)
Total comprehensive income for the year		135,354	74,009

CEMEX UK OPERATIONS LIMITED

Balance sheet as at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Intangible assets	10	23,196	24,992
Tangible assets	11	567,085	565,507
Investments in group undertakings	12	97,751	57,028
Investments in participating interests	13	101	101
		688,133	647,628
Current assets			
Stocks	14	50,473	46,442
Debtors (including £000 2,317,273 (2014: £000 2,207,355) due after more than one year)	15	2,537,570	2,396,936
Cash at bank and in hand		18,535	32,236
		2,606,578	2,475,614
Creditors: amounts falling due within one year	16	(383,583)	(327,270)
Net current assets		2,222,995	2,148,344
Total assets less current liabilities		2,911,128	2,795,972
Creditors: amounts falling due after more than one year	17	(336,929)	(473,875)
Provisions for liabilities			
Deferred tax	19	(32,900)	(32,900)
Other provisions	20	(137,716)	(138,503)
		(507,545)	(645,278)
Net assets before pension liability		2,403,583	2,150,694
Net pension liability	22	(270,500)	(263,700)
Net assets		2,133,083	1,886,994
Capital and reserves			
Called up share capital	23	2,401,816	2,291,081
Profit and loss account		(268,733)	(404,087)
Equity shareholders' funds		2,133,083	1,886,994

These financial statements were approved by the board of directors on 26 September 2016 and were signed on its behalf by:



J A Smalley
Director

COMPANY NUMBER: 658390

CEMEX UK OPERATIONS LIMITED

Statement of Changes in Equity

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014		1,713,081	(448,946)	1,264,135
Effect of change in accounting policy	32	-	(29,150)	(29,150)
Balance at 1 January 2014 restated		1,713,081	(478,096)	1,234,985
Total comprehensive income for the year				
Profit for the year		-	136,738	136,738
Other comprehensive expense		-	(62,729)	(62,729)
Total comprehensive income for the year		-	74,009	74,009
Transactions with owners, recorded directly in equity				
Issue of shares		578,000	-	578,000
Total contributions by and distributions to owners		578,000	-	578,000
Balance at 31 December 2014		2,291,081	(404,087)	1,886,994

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	2,291,081	(404,087)	1,886,994
Total comprehensive income for the year			
Profit for the year	-	153,533	153,533
Other comprehensive expense	-	(18,179)	(18,179)
Total comprehensive income for the year	-	135,354	135,354
Transactions with owners, recorded directly in equity			
Issue of shares	110,735	-	110,735
Total contributions by and distributions to owners	110,735	-	110,735
Balance at 31 December 2015	2,401,816	(268,733)	2,133,083

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements

1. Principal accounting policies

CEMEX UK Operations Limited (the "Company") is a company incorporated and domiciled in the United Kingdom.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 32.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2014 rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 January 2014 the Company continued to account for lease incentives under previous UK GAAP.
- Decommissioning liabilities - decommissioning costs included in the cost of the tangible fixed assets under FRS 102.17.10 (c) have been measured at 1 January 2014.

The Company's parent undertaking, CEMEX España, S.A., includes the Company in its consolidated financial statements. The consolidated financial statements of CEMEX España, S.A. are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Hernandez de Tejada 1, Madrid 28027, Spain.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of CEMEX, S.A.B. de C.V. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

1. Principal accounting policies *continued*

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company is principally funded by parent company loans, and the ultimate parent undertaking has agreed to provide commercial and financial support to the Company for the period extending until at least 31 October 2017. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover comprises sales of materials for use in the construction industry at invoiced values excluding value added tax but inclusive of aggregate levy where applicable. Turnover is recognised at the point that goods are despatched and invoiced.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The straight line annual rates of depreciation most widely used are:

- | | | |
|----------------------|----------------------------|-----------|
| • Land and buildings | Buildings & Infrastructure | 2% to 20% |
|----------------------|----------------------------|-----------|

Land is not depreciated. The cost of mineral deposits is depreciated in proportion to the volume of mineral reserves consumed in the period.

- | | | |
|----------------------------------|--|--------------|
| • Plant, machinery and equipment | Plant & machinery | 2.8% to 10% |
| | Computers and communications equipment | 10% to 33.3% |
| | Office equipment | 10% to 14% |
| • Motor vehicles | are depreciated at rates from 10% to 20% | |
| • Assets under construction | are not depreciated. | |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

1. Principal accounting policies *continued*

Disposals of land and buildings

Disposals of properties are included when contracts have been exchanged and completed before the end of the financial year.

Share based payments

The Company is part of a group share-based payment plan. It recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of this allocation is explained in note 5.

Intangible assets and goodwill

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised in the balance sheet and amortised on the straight-line basis through the profit and loss account over its estimated useful life. Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets, including pre-projects and rented quarries, are stated at cost less accumulated amortisation or depletion and less accumulated impairment losses.

Amortisation

Intangible assets relating to pre-projects are not amortised.

Rented quarries are depleted based on annual production tonnes.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS102 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

1. Principal accounting policies *continued*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Government grants

Grants received from government and similar agencies, where they relate to expenditure on fixed assets or are to finance the activities of the Company over a number of years, are recognised in the profit and loss account over the expected useful economic lives of the related assets or over the number of years of the activity. The amount still to be recognised is treated as deferred income.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and appropriate production overheads. Net realisable value comprises the estimated selling price, less further production costs to completion, and appropriate selling and distribution costs. Provision is made for obsolete, slow moving and defective stocks.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

1. Principal accounting policies *continued*

Impairment (excluding stocks and deferred tax asset)

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

1. Principal accounting policies *continued*

Provisions

The Company creates two types of reinstatement provision, a provision for the terminal restoration costs expected in order to dismantle and remove the plant and roadways at their facilities, where required, and also an ongoing quarry restoration provision, which is reviewed with the business at least annually.

The costs of terminal restoration are capitalised as a directly attributable cost of the site and a provision created at that stage. The costs are then charged to the profit and loss account in line with the volume of materials extracted.

Provision is also made for the post-closure costs in respect of leachate and gas monitoring at landfill sites. Provision is made on a site by site basis upon initiation of the landfill activities, is calculated over a period of between 1 and 60 years and is discounted to a present value using a rate that reflects the time value of money and the risks specific to the liability.

Other provisions are reviewed annually based on best estimates available at the time.

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Assets held under finance leases are included in fixed assets and the capital elements of the commitments are shown as obligations under finance leases. Payments under such leases are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the lease term in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over their useful lives or the lease term if shorter.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

1. Principal accounting policies *continued*

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive expense, in which case it is recognised directly in equity or other comprehensive expense.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102. Deferred tax assets are recognised to the extent that they are considered recoverable.

Investments

Investments are held at cost less provisions required to reduce their carrying values to their recoverable amounts.

Income from shares in group undertakings

Income from shares in group undertakings comprises dividends received and receivable. Dividends are recognised where approved by shareholders or received in cash.

Pensions

The Company operates pension schemes providing benefits based on final pensionable pay. These defined benefit schemes were closed to future accrual for all members with effect from 1 March 2012. The assets of the schemes are held separately from those of the Company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficits are recognised in full. The movement in the schemes' combined deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The Company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Participating interests

Participating interests are interests in which the Company owns at least 20% of the equity and, in the opinion of the directors, the Company exercises a significant influence on management. Income from these investments is included in the profit and loss account where dividends are approved by shareholders or received in cash.

2. Turnover

All turnover arises in the United Kingdom and from production and distribution of building materials.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

3. Other operating income

	2015 £000	2014 £000
Net rent from land and property management	385	506
Other	6,588	9,817
	<u>6,973</u>	<u>10,323</u>

Other income includes Climafuel transactions amounting to £5,451,301 (2014: £5,569,463) and £216,413 (2014: £212,205) relating to government grants received.

4. Auditor's remuneration

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	<u>498</u>	<u>521</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, CEMEX, S.A.B. de C.V..

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Production	2,057	2,006
Sales and distribution	423	467
General and administration	407	356
	2,887	2,829

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	102,151	96,382
Social security costs	9,781	9,142
Contributions to defined contribution plans	5,429	5,926
Share based payments	1,140	1,025
	118,501	112,475

Wages and salaries include redundancy costs of £2,344,022 (2014 : £833,253)

Directors

	2015 £000	2014 £000
Directors' remuneration	4,003	3,401
Company contributions to money purchase pension plans	148	139

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

5. Staff numbers and costs *continued*

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £2,160,399 (2014: £1,535,000). During the year, the highest paid director received shares under a long term incentive scheme but did not exercise any share options.

Number of directors	
31 December 2015	31 December 2014

Retirement benefits are accruing to the following number of directors under:
Money purchase schemes

6	5
---	---

The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was

5	6
---	---

Senior executives of the Company participate in a loyalty scheme whereby they are made an allocation of stocks in the ultimate parent company, CEMEX, S.A.B. de C.V. These allocations are released to the employees in 4 equal tranches on the first 4 anniversaries of the allocations being granted. There are no performance conditions attached to the allocation. If any individual leaves the Company before the vesting period has expired, their entitlement will lapse. Dividends are paid over the vesting period in the form of additional stocks.

The Company is a member of a group share based payment plan, and it recognises and measures its share based payment expense on the basis of a reasonable allocation of the expenses recognised by the group. The basis for reasonable allocation is the expense incurred by the ultimate parent for awards made to the Company's employees. Share based payments are equity settled.

	2015 Number	2015 £000	2014 Number	2014 £000
Total stocks awarded in year to be released to employees over the following 4 years	2,310,369	1,140	1,895,039	1,465

6. Other interest receivable and similar income

	2015 £000	2014 £000
Effective gains on derivatives	480	-
Interest receivable on financial assets at amortised cost	113,332	81,952
Total interest receivable and similar income	113,812	81,952

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

7. Interest payable and similar charges

	2015 £000	2014 £000
Effective losses on derivatives	-	2,575
Interest payable on financial liabilities at amortised cost	21,847	21,327
Unwind of discount on provisions	5,231	5,262
Net foreign exchange loss	1,637	274
Net interest expense on defined benefit liabilities	9,100	8,400
Total interest payable and similar charges	37,815	37,838

8. Profit on ordinary activities before taxation

	2015 £000	2014 £000
The profit on ordinary activities before taxation is stated after charging / (crediting)		
Depreciation and depletion of tangible fixed assets		
Depreciation – owned assets	16,300	18,596
Depreciation – assets held under finance leases	9,256	7,728
Depletion of mineral reserves	2,793	3,253
	28,349	29,577
Amortisation of goodwill	20	20
Hire of plant and machinery under operating leases	9,901	8,799
Other operating lease rentals	358	4,483
Auditor's remuneration - for audit of these financial statements	498	521
- for other services	78	43
- for other services pursuant to legislation	161	177
Government grants	(216)	(212)

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

9. Taxation

Total tax credit recognised in the profit and loss account, other comprehensive expense and equity

	2015 £000	£000	2014 £000	£000
Current tax				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax		-		-
Deferred tax (see note 19)				
Total deferred tax		-		-
Total tax		-		-

	£000	2015 £000	£000	£000	2014 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Credit recognised directly in Profit and loss account	-	(5,184)	(5,184)	-	-	-
Charge recognised in other comprehensive expense	-	5,184	5,184	-	-	-
Total tax	-	-	-	-	-	-

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

9. Taxation *continued*

Reconciliation of effective tax rate

	2015 £000	2014 £000
Profit for the year	153,533	136,738
Total tax credit	5,184	-
Profit excluding taxation	148,349	136,738
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	(30,041)	(29,399)
Deferred tax not recognised	24,507	12,494
Disallowable expenditure/income	(4,198)	(1,550)
Non-taxable income and gains	5,047	934
Difference between book profits on fixed assets sold and chargeable gains	(308)	(1,290)
Depreciation of assets not qualifying for capital allowances	(413)	(1,057)
Group relief claimed not paid for	10,590	19,868
Total tax income included in profit or loss	5,184	-

Reductions in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015.

However, in the Budget on 16 March 2016, the Chancellor announced a reduction to 17% for 2020. This will reduce the Company's future current tax charge accordingly.

Deferred tax is therefore measured at 20%, 19% or 18% being the corporation tax rates substantively enacted at the balance sheet date, and the rate expected to apply when deferred tax assets and liabilities reverse.

The current corporation tax rate for the calendar year 2015 is 20.25% (2014: 21.5%).

All of the recognised deferred tax assets and liabilities are expected to reverse in the next accounting period.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

10. Intangible assets and goodwill

	Goodwill £000	Other Intangibles £000	Total £000
Cost			
At 1 January 2015	7,442	50,841	58,283
Additions	-	1,961	1,961
Disposals	-	(2,392)	(2,392)
At 31 December 2015	<u>7,442</u>	<u>50,410</u>	<u>57,852</u>
Amortisation and impairment			
Balance at 1 January 2015	7,342	25,949	33,291
Charge for the year	20	1,437	1,457
Disposals	-	(92)	(92)
Balance at 31 December 2015	<u>7,362</u>	<u>27,294</u>	<u>34,656</u>
Net book value			
At 31 December 2015	<u>80</u>	<u>23,116</u>	<u>23,196</u>
At 31 December 2014	<u>100</u>	<u>24,892</u>	<u>24,992</u>

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the profit and loss account:

	2015 £000	2014 £000
Cost of sales	<u>1,457</u>	<u>1,684</u>
	<u>1,457</u>	<u>1,684</u>

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

11. Tangible fixed assets

	Land & buildings £000	Plant, machinery & equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost					
At 1 January 2015	208,839	733,327	28,348	20,034	990,548
Reclassifications	3,823	32,807	158	(36,788)	-
Additions	1,317	2,326	921	33,939	38,503
Disposals	(6,208)	(22,647)	(3,331)	-	(32,186)
Balance at 31 December 2015	207,771	745,813	26,096	17,185	996,865
Depreciation and depletion					
Balance at 1 January 2015	81,439	321,846	21,756	-	425,041
Charge for the year	4,834	22,814	701	-	28,349
Disposals	(3,101)	(17,248)	(3,261)	-	(23,610)
Balance at 31 December 2015	83,172	327,412	19,196	-	429,780
Net book value					
At 31 December 2015	124,599	418,401	6,900	17,185	567,085
At 31 December 2014	127,400	411,481	6,592	20,034	565,507

Plant, machinery and equipment includes fixtures, fittings and tools.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

11. Tangible fixed assets *continued*

	2015 £000	2014 £000
Capital commitments		
Contracts placed for future capital expenditure not provided for in the financial statements	1,591	1,908
	<hr/>	<hr/>
Assets held under finance leases	2015 £000	2014 £000
Assets held under finance leases, capitalised and included in freehold land and buildings, plant, machinery and equipment		
Cost	326,457	288,689
Cumulative depreciation	(125,013)	(114,553)
Net book value	201,444	174,136
	<hr/>	<hr/>

The leased equipment secures lease obligations (see note 26).

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

12. Investments in group undertakings

Cost	£000
At 1 January 2015	182,564
Additions	110,734
Disposals	(62,211)
At 31 December 2015	<u>231,087</u>
Provisions	
At 1 January 2015	125,536
Charge to profit and loss account	7,800
At 31 December 2015	<u>133,336</u>
Net book value	
At 31 December 2015	<u>97,751</u>
At 31 December 2014	<u>57,028</u>

Details of all related undertakings in which the Company holds a significant interest are shown in note 30 to these accounts.

During the year, CEMEX Hrvatska d.d. was purchased from CEMEX Investments Limited. CEMEX UK Operations Limited issued 110,734,467 £1 ordinary shares at par to CEMEX Investments Limited as consideration for this purchase.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

13. Investments in participating interests

Cost	Shares £000	Total £000
At 1 January 2015 and 31 December 2015	102	102
Provisions		
At 1 January 2015 and 31 December 2015	(1)	(1)
Net book value		
At 31 December 2015	101	101
At 31 December 2014	101	101

Details of all related undertakings in which the Company holds a significant interest are shown in note 30 to these accounts.

14. Stocks

	2015 £000	2014 £000
Raw materials and consumables	22,516	22,068
Work in progress	8,359	6,804
Finished goods and goods for resale	19,598	17,570
	50,473	46,442

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £80,143,941 (2014: £89,520,054). The write-down of stocks to net realisable value amounted to £999,009 (2014: £44,547).

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

15. Debtors

	2015 £000	2014 £000
Amounts falling due within one year		
Trade debtors	111,718	108,368
Loans to group undertakings	-	124
Amounts owed by group undertakings	92,337	54,826
Amounts owed by participating interests (Note 26)	1,602	1,492
Other debtors	6,076	6,615
Prepayments and accrued income	8,564	18,156
	220,297	189,581
Amounts falling due after more than one year		
Trade debtors	535	295
Loans to group undertakings	2,014,213	1,902,918
Other debtors	1,279	2,970
Prepayments and accrued income	301,246	301,172
	2,317,273	2,207,355
	2,537,570	2,396,936

Prepayments include £299,300,000 relating to the asset backed pension funding arrangements described in note 22.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

16. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank loans and overdrafts (see note 18)	83,770	86,769
Obligations under finance leases (see note 18)	17,509	16,675
Loans from group undertakings	4,043	8,604
Amounts owed to group undertakings	256,991	190,244
Amounts owed to undertakings in which the company has a participating interest	40	86
Taxation and social security	3,101	3,061
Other creditors	7,899	1,263
Accruals and deferred income	8,135	17,993
Other financial liabilities	2,095	2,575
	383,583	327,270

Third party liabilities incurred by the Company's agents are accounted for by the agents and reimbursed by the Company through amounts owed to group undertakings.

Finance leases are payable to group undertakings.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

17. Creditors: amounts falling after more than one year

	2015 £000	2014 £000
Obligations under finance leases (see note 18)	331,051	329,844
Loans from group undertakings	175	138,160
Other creditors	-	173
Accruals and deferred income	5,450	5,450
Preference shares	253	248
	336,929	473,875

Loans from group undertakings are repayable in March 2018 and bear interest rates based on Libor.

Finance leases are payable to group undertakings.

Finance leases	2015 £000	2014 £000
The minimum lease payments under finance leases fall due as follows		
Within 1 year	17,509	16,675
Within 2-5 years	79,240	75,466
After more than 5 years	568,976	590,259
	665,725	682,400
Less: future finance charges	(317,165)	(335,881)
	348,560	346,519

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

18. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2015 £000	2014 £000
Creditors falling due after more than one year		
Finance lease obligations	(331,051)	(329,844)
Loans from group undertakings	(175)	(138,160)
	<u>(331,226)</u>	<u>(468,004)</u>
Creditors falling due within less than one year		
Secured bank loans	(83,770)	(86,769)
Finance lease obligations	(17,509)	(16,675)
Loans from group undertakings	(3,414)	-
Preference shares	(253)	(248)
	<u>(104,946)</u>	<u>(103,692)</u>

Finance leases are secured on the assets to which they relate.

Loans from group undertakings due within less than one year are denominated in sterling, bear interest at rates based on Libor and are repayable on demand.

Loans from group undertakings due after more than one year are denominated in sterling, bear interest at rates based on Libor and are repayable in March 2018.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

19. Deferred tax assets and liabilities

Deferred tax has been calculated at the rate of 20.00% (2014: 20.00%) on the following timing differences

	Assets		Liabilities		Net	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Accelerated capital allowances	-	-	43,355	43,076	43,355	43,076
Pension deficit	-	-	5,184	-	5,184	-
Unused tax losses	(48,539)	(43,076)	-	-	(48,539)	(43,076)
Rolled over gains	-	-	32,900	32,900	32,900	32,900
Tax (assets) / liabilities	(48,539)	(43,076)	81,439	75,976	32,900	32,900

The total amount of unprovided deferred tax is as follows:

	2015 £000	2014 £000
Tax losses carried forward	39,031	61,373
Timing difference on pension deficit	-	8,009
Accelerated capital allowances and expense provisions	24,789	26,441
Deferred tax asset	63,820	95,823

At present it is not envisaged that any tax will become payable in the foreseeable future. Unrecognised deferred tax assets may reduce the effective tax rate in future years.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

20. Provisions

	Land reinstatement £000	Landfill monitoring £000	Onerous contracts £000	Legal claims £000	Total £000
Balance at 1 January 2015	11,565	124,365	2,134	439	138,503
Provided / (released) during the year	1,692	(5,214)	(13)	(122)	(3,657)
Provisions used during the year	(2,361)	-	-	-	(2,361)
Unwinding of discounted amount	-	5,231	-	-	5,231
Balance at 31 December 2015	10,896	124,382	2,121	317	137,716

The land reinstatement and monitoring provisions are estimated and reviewed annually. The timing of utilisation will differ for each site between 1 and 60 years.

Onerous contracts include obligations under leases. The timing of utilisation is different for each lease and ranges from 1 to 36 years.

The legal claims provision relates to a land and buildings disposal made in previous years. The provision is expected to be utilised within the next 12 months.

21. Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £5,428,575 (2014: £5,925,697).

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

22. Pensions

Description of scheme

The Company is the main participant in the CEMEX UK Pension Fund ('Main Fund') and CEMEX UK Executives Pension Fund ('Executives Fund'), which are defined benefit pension schemes that were operated by CEMEX Investments Limited for the employees of its UK subsidiaries until 29 February 2012. These schemes have been closed to new members since 1 January 2004, and were closed to future accrual for all members with effect from 1 March 2012.

In November 2012, in order to better manage the Company's obligations under its defined benefit pensions schemes and future cash funding requirements thereof, the Company implemented an asset backed funding arrangement by means of which CEMEX group companies transferred certain fixed assets to a non-transferable limited partnership, controlled by the Company and entered into lease agreements for the use of such assets with the limited partnership, in which the pension schemes hold a limited interest. On an ongoing basis, the Company will make annual rental payments to the limited partnership of approximately £15,000,000, increasing at an annual rate of 5%, that are then distributed to the pension schemes.

In addition to providing the pension schemes with secured assets producing an annual return over a period of 25 years, this new structure improves the security for the trustees of the pension schemes, and reduces the level of cash funding that the Company will have to make in future periods. In 2037, on expiry of the lease arrangements, the limited partnership will be terminated, and under the terms of the agreement, the remaining assets will be distributed to the Company. Any future profit distributions from the limited partnership to the pension funds will be considered as employer contributions to plan assets in the period in which they occur.

The latest full actuarial valuation was carried out at 31 March 2015.

Actuarial assumptions

The major assumptions used for the actuarial valuation were:

	2015 %	2014 %	2013 %	2012 %	2011 %
Price inflation					
RPI	3.05 %	3.10 %	3.40 %	3.10 %	3.15 %
CPI	2.05 %	2.10 %	2.40 %	2.35 %	2.15 %
Rate of increase in salaries	3.05 %	3.10 %	3.40 %	3.10 %	3.15 %
Rate of increase in pension payments:					
RPI inflation capped at 5%	2.85 %	2.90 %	3.10 %	2.90 %	3.05 %
RPI inflation capped at 3%	2.15 %	2.20 %	2.30 %	2.20 %	2.45 %
RPI inflation capped at 2.5%	1.90 %	1.90 %	2.00 %	1.90 %	2.15 %
CPI inflation capped at 5%	2.15 %	2.15 %	2.40 %	2.35 %	0 %
CPI inflation capped at 3%	1.80 %	1.80 %	2.00 %	1.95 %	0 %
CPI inflation capped at 2.5%	1.60 %	1.65 %	1.75 %	1.75 %	0 %
pre 1 December 2011	0 %	0 %	0 %	0 %	3.05 %
(1 January 2008) service					
post 30 November 2011	0 %	0 %	0 %	0 %	2.15 %
(31 December 2007) service					
Rate of increase in deferred pensions	2.05 %	2.10 %	2.40 %	2.35 %	2.15 %
Discount rate					
Main Fund	3.70 %	3.65 %	4.40 %	4.60 %	4.95 %
Executives Fund	3.70 %	3.65 %	4.40 %	4.60 %	4.95 %

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

22. Pensions *continued*

Mortality

For the Main Fund, mortality is based on the SAPS 'Normal Health Pensioner' tables. Future improvements are assumed to be in line with the CMI 2011 Core Projections Model with a long term trend of 1.25% per annum.

For the Executives Fund, mortality is based on the SAPS 'Normal Health Pensioner Light' tables. Future improvements are assumed to be in line with the CMI 2011 Core Projections Model with a long term trend of 1.25% per annum.

Expected lifetime

The expected lifetime of a participant who is age 65 at 31 December 2015 and the expected lifetime (from age 65) of a participant who will be age 65 in 15 years are shown in years below, based on the above mortality tables.

Age	Main Fund Males	Females	Age	Executives Fund Males	Females
65	21.9	24.4	65	24.3	25.5
65 in 15 years	23.2	25.8	65 in 15 years	25.5	26.9

Plan asset information

The major categories of plan assets as a percentage of total plan assets are as follows:

	Main Fund 2015 Allocation %	2014 Allocation %	Executives Fund 2015 Allocation %	2014 Allocation %
Equity securities	13.7	12.7	6.6	6.0
Debt securities	40.5	42.3	40.8	44.4
Real estate / property	3.1	3.2	3.8	3.9
Other	42.7	41.8	48.8	45.7
Total	100.0	100.0	100.0	100.0
	2015 £000	2014 £000	2015 £000	2014 £000
Fair value of plan assets	665,400	692,600	123,200	132,400
Actual return on plan assets	25,100	50,700	4,800	11,108

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

22. Pensions *continued*

Reconciliation to balance sheet	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of fund assets	788,600	825,000	787,800	805,000	786,100
Actuarial value of fund liabilities	(1,059,100)	(1,088,700)	(994,900)	(938,800)	(1,030,500)
Gross deficit in the funds	(270,500)	(263,700)	(207,100)	(133,800)	(244,400)
Net liability	(270,500)	(263,700)	(207,100)	(133,800)	(244,400)

Change in plan liabilities	2015 £000	2014 £000
At 1 January	(1,088,700)	(994,900)
Current service cost	(400)	(400)
Interest cost	(39,000)	(42,800)
Actuarial gain/(loss)	25,500	(91,200)
Benefits paid from plan assets	43,500	40,600
At 31 December	(1,059,100)	(1,088,700)

Change in plan assets	2015 £000	2014 £000
At 1 January	825,000	787,800
Interest income	29,900	34,400
Actuarial (loss)/gain on assets	(39,600)	27,400
Employer contributions	17,000	16,200
Benefits paid	(43,500)	(40,600)
Administrative expenses paid	(200)	(200)
At 31 December	788,600	825,000

Analysis of the amount charged to operating profit	2015 £000	2014 £000
Current service cost	400	400
	400	400

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

22. Pensions *continued*

The Company expects to contribute approximately £1,100,000 to its defined benefit plans in the next financial year, plus £16,675,000 payable by CEMEX Scottish Limited Partnership to the Trustees in connection with the asset backed funding arrangement.

Defined contribution scheme

The defined benefit pension schemes shown above were closed to future accrual for all members with effect from 1 March 2012. All employees are eligible to join the defined contribution section of the scheme.

The contributions payable by the Company to the defined contribution scheme amounted to £5,428,575 (2014: £5,925,697). The company contributions unpaid at the balance sheet date were £450,591 (2014: £452,277).

23. Capital and reserves

Share capital

In thousands of shares	2015	2014
Share capital allotted, called up and fully paid		
£1 Ordinary shares	2,401,816	2,291,081
£1 preference shares	200	200
Shares classified as shareholders' funds	2,401,816	2,291,081
Shares classified as liabilities	200	200

During the year, 110,734,467 (2014: 578,000,000) £1 Ordinary shares were issued in connection with the purchase of CEMEX Hrvatska d.d. from CEMEX Investments Limited.

The Preference shares are redeemable in 2016 at £1.28 each, uplifted by the increase in RPI since 2001, and carry a variable cumulative preference dividend of 2.65% above the prospective real redemption rate of 2016 UK gilts. The preference shareholders are entitled to return of capital in priority to other shareholders in the event of a winding-up, and may only vote at a general meeting of the Company on resolutions affecting the rights of preference shareholders.

Unpaid cumulative preference dividends at 31 December 2015 amounted to £83,357 (2014: £79,428).

Subsequent to the balance sheet date on 27 June 2016, the preference shares were redeemed in full.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

24. Operating leases

Non-cancellable land and buildings operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	2,248	446
Between one and five years	1,215	2,938
More than five years	3,769	3,832
	7,232	7,216

Non-cancellable other operating lease rentals are payable as follows

	2015 £000	2014 £000
Less than one year	5,765	2,940
Between one and five years	7,379	3,170
More than five years	1,946	857
	15,090	6,967

25. Contingent liabilities

The Company has entered into a joint and several guarantee with certain group companies, in respect of a group overdraft facility up to a maximum of £7,500,000.

The Company is registered with H.M. Revenue & Customs as a member of the CEMEX Investments Limited group for value added tax purposes and is therefore jointly and severally liable on a continuing basis for amounts owing by other members of the group in respect of their value added tax liabilities.

Along with other companies in its sector, the Company was subject to an investigation by the European Commission into alleged anti-competitive practices. In August 2015 the proceedings were closed by the European Commission and it was confirmed that no action whatsoever will be taken against the Company.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

26. Related parties

As the Company is a wholly owned subsidiary undertaking of CEMEX España, S.A., for which consolidated financial statements are produced including this Company, it is exempted by FRS 102 from disclosing transactions with entities that are 100% owned by that Group or investees of that Group qualifying as related parties.

Transactions with others whom the Company considers to be related parties are summarised as follows:

Transactions with pension funds

The Company makes pension contributions to the CEMEX pension funds managed by fellow subsidiary undertakings acting as trustees for those funds. The Company is not directly concerned in the administration of the funds.

The details of the fund are set out in Note 22.

Transactions with participating interests

The Company trades with participating interests in the normal course of business. The aggregate of these transactions is shown below.

	2015 £000	2014 £000
Sales to participating interests	32	185
Purchase from participating interests	7,037	7,731
Management charges to participating interests	324	330
Amounts owed by participating interests (Note 15)	1,602	1,492
Amounts owed to participating interests (Note 16)	40	86

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

27. Ultimate parent company and parent company of larger group

The Company's immediate parent and controlling party is CEMEX Investments Limited, a company incorporated in Great Britain.

The largest group in which the results of the Company are consolidated is that headed by CEMEX, S.A.B. de C.V., the ultimate parent company and controlling party, which is incorporated in Mexico. Its address is Av. Ricardo Margain Zozaya 325, CP 66265, San Pedro Garza Garcia, N.L. Mexico.

The smallest group in which the results of the Company are consolidated is that headed by CEMEX España, S.A., incorporated in Spain. Its address is Hernandez de Tejada 1, Madrid 28027, Spain.

The consolidated financial statements of these groups are available to the public and may be obtained from the above addresses.

28. Agent companies

The following companies act as agents of this company.

Name	Activity
CEMEX UK Cement Limited	Cement
CEMEX UK Marine Limited	Aggregates
CEMEX UK Materials Limited	Aggregates; building products; ready mixed concrete, mortar and screed
CEMEX Paving Solutions Limited	Surfacing
Rombus Leasing Limited	Leasing
CEMEX Seament Limited	Non-trading
CEMEX UK Logistics Limited	Non-trading
CEMEX UK Trading Limited (agent until 1 October 2015)	Non-trading
RMC Environmental Services Limited	Non-trading
RMC (HW) No 1 Limited	Non-trading
RMC Logistics Eastern Limited	Non-trading
RMC Logistics North East Limited	Non-trading
RMC Logistics Northern Limited	Non-trading
RMC Logistics Scotland Limited	Non-trading
RMC Logistics South East Limited	Non-trading
RMC Logistics Western Limited	Non-trading

The Company indemnifies its agent companies against all losses and liabilities they may incur in pursuing their activities as agents.

29. Subsequent events

Subsequent to the balance sheet date, on 27 June 2016, the preference shares were redeemed in full.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

30. Related undertakings

Details of all related undertakings in which the Company holds a significant interest direct or indirect are as follows:

Name of company	Ordinary shares held	Country of incorporation	Nature of business
Annandale Properties Limited	100%	United Kingdom	In liquidation
Beaufort Quarries Limited	100%	United Kingdom	Dormant
Blackwater Aggregates Limited*	50%	United Kingdom	Non-trading
Boulton & Paul (Manufacturing) Limited*	100%	United Kingdom	In liquidation
Brett Hall Aggregates Limited*	50%	United Kingdom	Aggregates
Buxton Rail Limited*	50%	United Kingdom	Dormant
C.C.P. Limited*	100%	United Kingdom	Dissolved 2016
CEMEX Hrvatska d.d.*	100%	Croatia	Cement
CEMEX Scottish Investments Limited*	100%	United Kingdom	Holding company
CEMEX Scottish Limited Partnership*	50%	United Kingdom	Leasing
CEMEX Seament Limited*	100%	United Kingdom	Non-trading
Cemtrade Limited	100%	United Kingdom	Dissolved 2016
Combined Management Services Corporation Limited	65%	United Kingdom	Dormant
Crowwood Grange Estates Limited*	50%	United Kingdom	Dormant
Humber Sand & Gravel Limited*	50%	United Kingdom	Aggregates
I.M.D. Services Limited	100%	United Kingdom	Dissolved 2016
Island Barn Aggregates Limited*	50%	United Kingdom	Aggregates
Isle of Wight Aggregates Limited*	50%	United Kingdom	Aggregates
John Carr (Essex) Limited*	100%	United Kingdom	In liquidation
John Carr (SBK) Limited*	100%	United Kingdom	Non-trading
Mineral and Energy Resources (UK) Ltd	99%	United Kingdom	Dormant
Processing Ash LLP*	50%	United Kingdom	Ash Processing
Readymix Croatia d.o.o.	100%	Croatia	Concrete
Reservoir Aggregates Limited*	49%	United Kingdom	Dissolved 2016
RMC Dormant No 1 Limited*	100%	United Kingdom	Dissolved 2016
RMC Dormant No 2 Limited*	100%	United Kingdom	Dormant
RMC Russell Limited*	100%	United Kingdom	Non-trading
Russell Building Materials Limited	100%	United Kingdom	In liquidation
Russell Coal Limited	100%	United Kingdom	In liquidation
Russell Concrete Products Limited	100%	United Kingdom	Non-trading
Russell Design & Engineering Limited	100%	United Kingdom	In liquidation
Russell Developments Limited	100%	United Kingdom	Non-trading
Russell Masonry Products Limited	100%	United Kingdom	In liquidation
Russell Minerals (Pennsylvania) Inc	100%	USA	Non-trading
Russell Minerals (West Frankfurt) Inc	100%	USA	Non-trading
Russell Minerals Fayette Inc	100%	USA	Non-trading
Russell Minerals Inc	100%	USA	Holding company
Russell Plastic Mouldings Limited	100%	United Kingdom	In liquidation

*denotes all directly owned entities, all other entities are indirectly owned.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

30. Related undertakings *continued*

Name of company	Ordinary shares held	Country of incorporation	Nature of business
Russell Quarry Products (Southern) Limited	100%	United Kingdom	In liquidation
Russell Quarry Products Limited	100%	United Kingdom	Dormant
Russell Roof Tiles Limited	100%	United Kingdom	In liquidation
Russlate Limited	100%	United Kingdom	In liquidation
Thames Cement Limited	100%	United Kingdom	Dissolved 2016
The Fife Sand & Gravel Company Limited	100%	United Kingdom	In liquidation
West London Aggregates Limited*	50%	United Kingdom	Non-trading

*denotes all directly owned entities, all other entities are indirectly owned

31. Accounting estimates and judgements

Accounting estimates and assumptions are reviewed on an ongoing basis. Significant areas where accounting estimates and judgements have been applied are as follows:

Retirement benefit obligations

The Company operates pension schemes providing benefits based on final pensionable pay. In assessing the valuation of defined benefit pension scheme assets and liabilities, key assumptions are made in relation to expected return on plan assets, inflation rates, mortality, discount rates, and rates of increase in salaries and pensions. Note 22 includes details of the assumptions that have been applied in these financial statements.

Provisions

Provisions are assessed using best estimates of future cash flows, and are based on information available at the time of preparing these financial statements. Note 20 gives further details of the nature of each category of provision and the uncertainties surrounding provision calculations.

Deferred taxation

The Company assesses deferred tax assets and liabilities based on forecasts of future taxable profits. Deferred tax assets are recognised to the extent that they are considered recoverable.

Asset impairments

In determining whether asset impairments are required, future cash flows and benefits arising from those assets are assessed.

Stocks are stated at the lower of cost and net realisable value. Net realisable value comprises the estimated selling price, less further production costs to completion, and appropriate selling and distribution costs.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

32. Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	Note	1 January 2014			31 December 2014		
		UK GAAP	Effect of	FRS 102	UK GAAP	Effect of	FRS 102
		£000	transition to	£000	£000	transition to	£000
Fixed assets							
Intangible assets	a, b	120	24,895	25,015	100	24,892	24,992
Tangible fixed assets	b, c	587,615	(9,086)	578,529	568,949	(3,442)	565,507
Investments in group undertakings		52,687	-	52,687	57,028	-	57,028
Investments in participating interests		102	-	102	101	-	101
		640,524	15,809	656,333	626,178	21,450	647,628
Current assets							
Stocks		47,542	-	47,542	46,442	-	46,442
Debtors (due within one year)	a	163,914	(7,557)	156,357	198,652	(9,071)	189,581
Debtors (due after more than one year)		1,364,463	-	1,364,463	2,207,355	-	2,207,355
Cash at bank and in hand		11,563	-	11,563	32,236	-	32,236
		1,587,482	(7,557)	1,579,925	2,484,685	(9,071)	2,475,614
Creditors: amounts due within one year	d	(244,765)	-	(244,765)	(324,695)	(2,575)	(327,270)
Net current assets		1,342,717	(7,557)	1,335,160	2,159,990	(11,646)	2,148,344
Total assets less current liabilities		1,983,241	8,252	1,991,493	2,786,168	9,804	2,795,972

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

32. Explanation of transition to FRS 102 *continued*

Reconciliation of equity *continued*

		1 January 2014		31 December 2014		
		Effect of		Effect of		
	Note	UK GAAP	FRS 102	FRS 102	UK GAAP	FRS 102
		£000	£000	£000	£000	£000
Creditors: amounts falling due after more than one year		(380,365)	-	(380,365)	(473,875)	(473,875)
Provisions for liabilities						
Deferred tax liability	e	-	(32,900)	(32,900)	-	(32,900)
Other provisions	c	(131,641)	(4,502)	(136,143)	(132,203)	(138,503)
Pension liability		(207,100)	-	(207,100)	(263,700)	(263,700)
		(338,741)	(37,402)	(376,143)	(395,903)	(435,103)
Net assets		1,264,135	(29,150)	1,234,985	1,916,390	1,886,994
Capital and reserves						
Called up share capital		1,713,081	-	1,713,081	2,291,081	2,291,081
Profit and loss account	c,d,e	(448,946)	(29,150)	(478,096)	(374,691)	(404,087)
Shareholders' equity		1,264,135	(29,150)	1,234,985	1,916,390	1,886,994

Notes to the reconciliation of equity

On transition to FRS102 from previous UK GAAP, the following adjustments have been made:

- Pre-project expenditure has been reclassified from prepayments to intangible assets.
- Rented quarries have been reclassified from fixed assets to intangible assets.
- Provisions have been made for quarry reinstatement obligations, and fixed assets have been increased by an equivalent amount. The adjustment on annual re-assessment of the liability has been included in other operating income.
- Fuel price contracts have been treated as derivatives and included within short term financial liabilities, with a corresponding charge to interest expense in the profit and loss account.
- A deferred tax liability has been recognised for rolled over gains under FRS102, with a corresponding adjustment in profit and loss reserves.

CEMEX UK OPERATIONS LIMITED

Notes to the financial statements *continued*

32. Explanation of transition to FRS 102 *continued*

Reconciliation of profit for 2014

	Note	UK GAAP £000	2014 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover		772,712	-	772,712
Cost of sales		(538,081)	-	(538,081)
Gross profit		234,631	-	234,631
Distribution costs		(145,665)	-	(145,665)
Administrative expenses	a	(71,015)	(200)	(71,215)
Other operating income	b	7,994	2,329	10,323
Operating profit		25,945	2,129	28,074
Profit on disposal of fixed assets		64,849	-	64,849
Income from shares in group undertakings		3,160	-	3,160
Other interest receivable and similar income		81,952	-	81,952
Amounts written off investments		(3,459)	-	(3,459)
Interest payable and similar charges	c,d	(28,763)	(9,075)	(37,838)
Profit on ordinary activities before taxation		143,684	(6,946)	136,738
Profit for the year		143,684	(6,946)	136,738

Notes to the reconciliation of profit

- On transition from previous UK GAAP to FRS102, pension fund expenses have been reclassified from other comprehensive expenses to administration expenses in the profit and loss account.
- Provisions have been made for quarry reinstatement obligations, and fixed assets have been increased by an equivalent amount. The adjustment on annual re-assessment of the liability has been included in other operating income.
- Under previous UK GAAP, the expected return on defined benefit plan assets was recognised in the profit and loss account. Under FRS102, the interest expense is calculated by reference to the net interest expense on the net defined benefit liabilities and does not reflect the expected return on assets. The effect of this change has been to reduce the credit to the profit and loss account, and increase the credit to other comprehensive income.
- Fuel price contracts have been treated as derivatives and included within short term financial liabilities, with a corresponding charge to interest payable in the profit and loss account.