

**BLUE CIRCLE HOME PRODUCTS  
INTERNATIONAL LIMITED**

**Report and Financial Statements**

**31 December 2011**

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COMPANIES HOUSE

# **BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2011**

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**BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED**  
**PRODUCTS INTERNATIONAL LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D Grimson  
P T E Lanyon  
Lafarge Directors (UK) Ltd

**SECRETARY**

Lafarge Secretaries (UK) Limited

**INDEPENDENT AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham

**REGISTERED OFFICE**

Granite House  
Granite Way  
Syston  
Leicester  
Leicestershire  
LE7 1PL

# **BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2011

The directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006

### **PRINCIPAL ACTIVITY**

The Company holds intercompany loans on which interest is received

### **GOING CONCERN**

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements

### **DIVIDENDS**

On 18 August 2011, a dividend of £560,000,000 was paid out of distributable reserves to the Company's sole shareholder, Blue Circle International Holdings B V, funded from repayment of its intercompany loan from Lafarge Cement UK Limited (formerly Lafarge Cement UK PLC)

On 20 December 2011 the Company paid an interim dividend of £38,000,000 to its sole shareholder, Blue Circle International Holdings B V, (2010 - nil). The directors do not recommend payment of a final dividend (2010 - nil)

### **SIGNIFICANT EVENTS**

On 18 February 2011 Lafarge SA signed a binding agreement (subject to regulatory approval) with Anglo-American Finance (UK) Limited, owners of Tarmac, to combine the UK operations of Lafarge in cement, aggregates, ready-mixed concrete and asphalt & contracting into a new Joint Venture company (the "Joint Venture"). The proposed Joint Venture was referred by the Office of Fair Trading to the Competition Commission who on 1 May 2012 published its final report into the proposed Joint Venture. It concluded that a number of divestments of assets (remedies) will be required to be made in order to secure regulatory clearance. A list of divestment assets has been published by the CC. Pending regulatory approval the two companies continue to operate independently.

As part of the above arrangements it was agreed that the Company would not be contributed towards the proposed Joint Venture.

On 27 July 2011 the share capital of the Company was reduced from £343,330,002 (343,330,002 Ordinary shares of £1 each, all of which had been issued and fully paid) to £1 comprising 1 Ordinary share of £1 each.

### **DIRECTORS**

The directors who held office throughout the year and up to the date of this report, except where stated otherwise, were as follows

|                            |  |
|----------------------------|--|
| D R Taylor                 | (resigned 31 May 2012)                                   |
| S Fennell                  | (resigned 05 January 2011)                               |
| R Powell                   | (appointed 05 January 2011, resigned 01 September 2011)  |
| Lafarge Directors (UK) Ltd |  |
| M C Collignon              | (appointed 01 September 2011, resigned 31 December 2011) |
| D Grimson                  | (appointed 01 January 2012)                              |
| P T E Lanyon               | (appointed 31 May 2012)                                  |

The Articles of Association of the Company contain an indemnity in favour of all of the directors of the Company that, subject to law, indemnifies the directors from the assets of the Company against any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

# BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

### AUDITOR

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

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

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

By Order of the Board



R Keen  
for and on behalf of  
Lafarge Secretaries (UK) Limited  
Secretary

24 August 2012

# **BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED**

We have audited the financial statements of Blue Circle Home Products International Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report.



Peter Gallimore FCA  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, United Kingdom

31 August 2012

# BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2011

|  | Note | 2011<br>£'000 | 2010<br>£'000 |
|--|------|---------------|---------------|
| Administrative (expense) / credit                        |      | (8)           | 273           |
| <b>OPERATING (LOSS) / PROFIT</b>                         | 2    | <b>(8)</b>    | <b>273</b>    |
| Interest Receivable                                      |      | 5,404         | 12,222        |
| Interest payable and similar charges                     | 3    | -             | (76)          |
| <b>PROFIT ON ORDINARY ACITIVTIES<br/>BEFORE TAXATION</b> |      | <b>5,396</b>  | <b>12,419</b> |
| Tax on profit on ordinary activities                     | 4    | (602)         | -             |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     | 10   | <b>4,794</b>  | <b>12,419</b> |

All activities derive from continuing operations

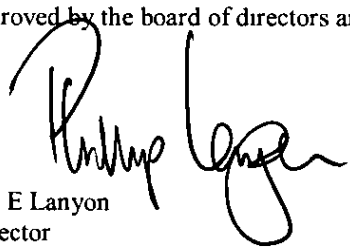
There are no recognised gains and losses for the current or preceding financial year other than those stated above  
Accordingly, no statement of total recognised gains and losses is presented



**BALANCE SHEET**  
**As at 31 December 2011**

|  | Note | 2011<br>£'000         | 2010<br>£'000         |
|--|------|-----------------------|-----------------------|
| <b>CURRENT ASSETS</b>                                |      |                       |                       |
| Debtors (all due after one year)                     | 6    | 123,045               | 716,646               |
| <b>TOTAL CURRENT ASSETS</b>                          |      | <u>123,045</u>        | <u>716,646</u>        |
| <b>Creditors amounts falling due within one year</b> | 7    | <u>(602)</u>          | <u>-</u>              |
| Provision for liabilities                            | 8    | -                     | (997)                 |
| <b>NET ASSETS</b>                                    |      | <u><u>122,443</u></u> | <u><u>715,649</u></u> |
| <b>CAPITAL AND RESERVES</b>                          |      |                       |                       |
| Called up share capital                              | 9,10 | -                     | 343,330               |
| Share premium account                                | 10   | -                     | 15,900                |
| Profit and loss account                              | 10   | 122,443               | 356,419               |
| <b>SHAREHOLDERS' FUNDS</b>                           | 10   | <u><u>122,443</u></u> | <u><u>715,649</u></u> |

The financial statements of Blue Circle Home Products International Limited, registered number 2719963, were approved by the board of directors and authorised for issue on 24 August 2012

  
P T E Lanyon  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2011**

**1. ACCOUNTING POLICIES**

The particular accounting policies adopted are described below and have been applied consistently in the current and previous financial year

**Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and have been prepared on a going concern basis which is discussed in the Directors' Report on page 2

**Cash flow statement**

The Company is a wholly owned subsidiary undertaking of Lafarge S A and the cash flows of the Company are included in the consolidated cash flow statement of the Lafarge S A published financial statements. Consequently, the Company has taken advantage of the exemption given in Financial Reporting Standard No 1 (Revised) from preparing a cash flow statement

**Foreign currency**

Transactions denominated in foreign currencies are translated into pound sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into pound sterling at the exchange rates ruling at the year end. Exchange differences arising on the translation of foreign investments net of exchange differences arising on related currency borrowings are taken to reserves. Other exchange gains and losses are reflected in the Profit and Loss Account.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Related party transactions**

The Company has taken advantage of the exemption in paragraph 3 (c) of Financial Reporting Standard No 8 'Related Party Disclosures' not to disclose transactions with wholly owned group undertakings.

**2 OPERATING RESULT**

The Company had no employees during the year (2010 – nil)

No director received any remuneration from the Company (2010 – nil). They are regarded as group employees and paid by fellow group undertaking, Lafarge (UK) Services Limited.

The Company's audit fees of £3,000 (2010 - £3,000) for the current and prior year were borne by Lafarge Building Materials Limited, a fellow group company.

# BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2011

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

|                                     | 2011<br>£000 | 2010<br>£000 |
|-------------------------------------|--------------|--------------|
| Interest paid to group undertakings | -            | 76           |

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Tax on profit on ordinary activities

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| <b>Current tax</b>   |               |               |
| United Kingdom corporation tax at 26.5%<br>(2010 – 28%) based on the profit for the year | 602           | 1,104         |
| Group relief   | -             | (1,104)       |
| <b>Total current tax</b>   | <b>602</b>    | <b>-</b>      |

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 26.5% (2010 – 28%). The differences are explained below

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation                | 5,396         | 12,419        |
| Tax charge on profit on ordinary activities at standard rate | 1,430         | 3,477         |
| Effects of   |               |               |
| Non taxable income   | -             | (976)         |
| Losses Utilised  | (830)         | (2,297)       |
| Permanent differences  | 2             | -             |
| Group relief not paid for                                    | -             | (1,104)       |
| <b>Total amount of current tax</b>                           | <b>602</b>    | <b>-</b>      |

For all years up to and including 31 December 2010, it has been the Lafarge UK Group's policy not to charge for any loss surrenders/claims for group relief between group companies. However, for the year ended 31 December 2011 and subsequent years, group relief is to be surrendered for an amount equal to tax otherwise paid to HM Revenue & customs. Therefore, in 2011 all losses surrendered as group relief are charged at a rate of 26.5%.

#### (c) Factors that may affect future tax charge

The 2011 Budget introduced a reduction in the main rate of corporation tax from 27% to 26% effective 1 April 2011, and a further reduction from 26% to 25% effective 1 April 2012. The changes were substantively enacted on 29 March 2011 and 5 July 2011 respectively. Since the reduction to 26% was effective 1 April 2011, a hybrid rate of current tax of 26.5% applies during the year ended 31 December 2011.

Subsequently, the 2012 Budget introduced a further reduction in the main rate of corporation tax from 26% to 24% effective 1 April 2012. The change was substantively enacted on 29 March 2012 and supersedes the reduction to 25% announced previously in the 2011 Budget.

The Company does not have any deferred tax items (2010 - £nil) having utilised all of its non-trade losses during the year.

# BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2011

### 5. DIVIDEND PAID

|   | 2011<br>£'000  | 2010<br>£'000 |
|---|----------------|---------------|
| Dividend paid on 18 August 2011 (2010 – £nil)   | 560,000        | -             |
| Dividend paid on 20 December 2011 (2010 – £nil) | 38,000         | -             |
|   | <u>598,000</u> | <u>-</u>      |

On 18 August 2011, an interim dividend of £560,000,000 was paid out of distributable reserves to the Company's sole shareholder, Blue Circle International Holdings B V, funded from repayment of its intercompany loan from Lafarge Cement UK Limited (formerly Lafarge Cement UK PLC). On 20 December 2011 the Company paid an interim dividend of £38,000,000 (2010 - £nil). The directors do not recommend payment of a final dividend (2010 – nil).

### 6. DEBTORS

|   | 2011<br>£'000  | 2010<br>£'000  |
|---|----------------|----------------|
| <b>Amounts falling due after one year</b>   |                |                |
| Amounts owed by group undertaking<br>(2011 - Lafarge Minerals Limited – average interest rate of 1.09%<br>due 30 September 2016)<br>(2010 - loan repaid by Lafarge Cement UK Limited) | 123,045        | 716,646        |
|   | <u>123,045</u> | <u>716,646</u> |

### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Amounts owed to group companies (group relief) | 602           | -             |
|  | <u>602</u>    | <u>-</u>      |

### 8. PROVISION FOR LIABILITIES

|                  | Provision for<br>repayment of<br>capital proceeds<br>2011<br>£'000 |
|------------------|--|
| At 1 January     | 997  |
| Utilised in year | (997)  |
|                  | <u>-</u>   |
| At 31 December   | <u>-</u>   |

The provision set up in 2009 in respect of a repayment of sale proceeds from the disposal of the Company's investment in PreCon Inc, in Canada was fully paid on the 29 March 2011.

# BLUE CIRCLE HOME PRODUCTS INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2011

### 9. CALLED UP SHARE CAPITAL

|  | 2011<br>No. | 2010<br>No. | 2011<br>£'000 | 2010<br>£'000 |
|--|-------------|-------------|---------------|---------------|
| <b>Called up, issued and fully paid:</b> |             |             |               |               |
| Ordinary shares of £1 each               | 1           | 343,330,002 | -             | 343,330       |

On 27 July 2011 the share capital of the Company was reduced from £343,330,002 (divided into 343,330,002 Ordinary shares of £1 each, all of which had been issued and fully paid) to £1 comprising 1 Ordinary share of £1 each. The reduction was effected by the cancellation of 343,330,001 Ordinary shares together with the share premium (amounting to £15,900,000) paid up thereon. The reserve of £359,230,001 which arose from the reduction of capital has been treated as a realised profit in accordance with section 3(2)(b) of The Companies (Reduction of Share Capital) Order 2008 and transferred to the Profit & Loss Account.

### 10. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

|                               | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>2011<br>£'000 | Total<br>2010<br>£'000 |
|-------------------------------|--|--------------------------------------|--|------------------------|------------------------|
| At 1 January                  | 343,330                                | 15,900                               | 356,419                                | 715,649                | 703,230                |
| Profit for the financial year | -                                      | -                                    | 4,794                                  | 4,794                  | 12,419                 |
| Capital Reductions (Note 9)   | (343,330)                              | (15,900)                             | 359,230                                | -                      | -                      |
| Dividends paid (Note 5)       | -                                      | -                                    | (598,000)                              | (598,000)              | -                      |
| At 31 December                | -                                      | -                                    | 122,443                                | 122,443                | 715,649                |

On 18 August 2011, a dividend of £560,000,000 was paid out of distributable reserves to the Company's sole shareholder, Blue Circle International Holdings B V, funded from repayment by Lafarge Cement UK Limited (formerly Lafarge Cement UK PLC) of its intercompany loan.

On 20 December 2011, an interim dividend of £38,000,000 was paid to the Company's sole shareholder, Blue Circle International Holdings B V. The directors do not recommend payment of a final dividend (2010 £nil).

### 11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

Lafarge S A, a company registered in France, is the smallest and largest undertaking to consolidate the accounts of the Company. Lafarge S A is regarded by the directors as being the Company's ultimate parent company and controlling entity.

Copies of the Group accounts of Lafarge S A may be obtained from the Stockholder Relations Department, 61, rue des Belles Feuilles, 75116 Paris, France.

The Company's immediate parent company is Blue Circle International Holdings B V, a company registered and incorporated in The Netherlands and resident in the UK.

### 12. POST BALANCE SHEET NOTE

On 1 May 2012 the Competition Commission published its final report into the proposed Joint Venture between Lafarge SA and Anglo-American plc. It concluded that a number of divestments of assets (remedies) will be required to be made in order to secure regulatory clearance. A list of divestment assets has been published by the Competition Commission.