Registered number
02747203

Mendip Rail Limited

Annual report and financial statements
for the year ended 31 December 2011

Mendip Rail Limited
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for the year ended 31 December 2011

Mendip Rail Limited
Directors and advisors

Directors
Andrew Bridge
Brian Charleton
Guy Edwards
Mark Atkinson
Philippe Frenay
Simon Blake

Secretary
J Lowe

Independent Auditors
Ernst & Young LLP
No 1 Colmore square
Birmingham
B4 6HQ

Registered office
Bardon Hall
Copt Oak Road
Markfield
Leicestershire
LE67 9PJ

Registered number
02747203

Mendip Rail Limited
Directors' report
for the year ended 31 December 2011

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

Principal activities and future developments

The principal activity of the company is the haulage of aggregate by rail The directors expect it to continue to be so for the foreseeable future

The directors have considered the budget for the next 12 months and the ability of the Company to meet its liabilities as they fall due As a result the directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements

Results and dividends

The profit for the financial year after tax amounted to £1,103,000 (2010 £210,000) The directors do not recommend a dividend payment (2010 nil)

Review of the business

Trading has progressed satisfactorily and is in line with expectations

The Company's key financial and other performance indicators during the year were as follows

	2011	2010	Change
	£'000	£'000	%
Turnover	23,589	21,404	10%
Operating profit (excl depreciation)	1,504	300	401%
Net Assets	4,219	3,116	35%

Turnover from ongoing operations of £23 59m represents an increase of 10% compared with 2010, due to more buoyant London markets

Operating profit (excluding depreciation) of £1,504,000 is an improvement compared with 2010 due to increased demand and improved cost control

Net assets increased by £1,103,000 compared with prior year due to retained profit

The directors expect overall operations to remain profitable in 2012 but overall demand is forecast to be lower than the high activity experienced in 2011

Health and Safety and Environmental issues have been and will continue to be a key focus for the company

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company are broadly grouped as economic risks, legislative risks, weather risks, energy costs and financial risks

Economic Risks

Demand for our services is linked to the need for aggregate in London and the South East Depressed economic conditions in those areas, particularly linked to housing and road maintenance could have a detrimental impact on demand for our transport services, which could result in reduced sales and profits

Legislative Risks

In the UK construction products are sold to locally and nationally imposed standards Failure to comply with the standards could materially affect the Company's ability to operate

There is now no indication that in the short term the legislative environment is posing a risk in this area

Mendip Rail Limited
Directors' report
for the year ended 31 December 2011

Principal Risks and Uncertainties *(continued)*

Weather Risks

Periods of inclement weather can reduce the demand for aggregates or added-value products, and the need for transportation of aggregate, and thereby could potentially reduce our sales and profits

Energy Costs

Fuel is a significant element of the company's costs Increases in fuel prices can have a large impact on profitability, although the company has the ability to negotiate price increases with its customers at any time

Financial Risks

The company's main customers are its shareholders, which has led historically to a very small bad debt risk. The company achieves good cash flow and is expecting to remain in this position through 2012

Directors

The following directors held office during the year and subsequently

James Claydon	(resigned 1 February 2011)
David Cole	(resigned 12 January 2011)
Yuval Dagim	(resigned 31 August 2011)
Guy Edwards	
Christopher Hudson	(resigned 12 January 2011)
Colin Jenkins	(resigned 30 September 2011)
Alan Taylor	(resigned 31 December 2011)
Andrew Bridge	(appointed 27 October 2011)
Brian Charleton	(appointed 1 January 2012)
Laurence Quinn	(appointed 12 January 2011, resigned 31 January 2012)
John Paterson	(appointed 1 February 2011, resigned 24 June 2011)
James Cousins	(appointed 12 January 2011, resigned 30 June 2011)
Simon Marriott	(appointed 1 July 2011, resigned 31 January 2012)
Mark Atkinson	(appointed 1 January 2012)
Philippe Frenay	(appointed 1 October 2011)
Simon Blake	(appointed 1 January 2012)

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Charitable donations

Contributions to charities amounted to £1,229 (2010 £400)

Statement of disclosure of information to auditors

In respect of each of those persons who was a director of the company at the date at which the directors' report was approved

a) So far as each director is aware, there is no relevant information of which the company's auditors are unaware, and

b) Each director has taken all the steps they ought to have taken in their duty as a director in order to make themself aware of any relevant audit information and establish that the company's auditors are aware of that information

Mendip Rail Limited
Directors' report (continued)
for the year ended 31 December 2011

Auditors
In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the company

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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)

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 proper 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 its 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

This report was approved by order of the board

J Lowe

On behalf of Mendip Rail Limited
Company Secretary
11 June 2012

Independent auditors' report
to the members of Mendip Rail Limited

We have audited the financial statements of Mendip Rail Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 and financial statements 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 matters 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

Ernst & Young LLP

Steven Bagworth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors
Birmingham
Date 12 June 2012

Mendip Rail Limited
Profit and loss account
for the year ended 31 December 2011

	Note	2011 £'000	Restated 2010 £'000
Turnover	2	**23,589**	21,404
Cost of sales		**(21,557)**	(20,646)
Gross profit		**2,032**	758
Administrative expenses		**(605)**	(511)
Other income		**73**	48
Operating profit	4	**1,500**	295
Interest receivable and similar income	5	**1**	1
Profit on ordinary activities before taxation		**1,501**	296
Tax on profit on ordinary activities	6	**(398)**	(86)
Profit for the financial year	13,14	**1,103**	210

There were no recognised gains or losses in either the current or previous year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

All results derive from continuing operations

There are no differences between the results disclosed and their historical cost equivalents

Mendip Rail Limited
Company Registration No 02747203
Balance sheet
as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	7	2	6
		2	6
Current assets			
Stock	8	1,444	1,339
Debtors	9	4,858	3,513
Cash at bank and in hand		4,739	3,098
		11,041	7,950
Creditors: amounts falling due within one year	10	(6,824)	(4,840)
Net current assets		4,217	3,110
Net assets		4,219	3,116
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	4,218	3,115
Total shareholders' funds	14	4,219	3,116

The financial statements were approved by the board of directors on 11 June 2012 and were signed on its behalf by

GEdwards

G Edwards
Director

Mendip Rail Limited
Cash flow statement
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	15	**1,640**	1,320
Return on investments and servicing of finance			
Interest received		**1**	1
Net cash inflow from returns on investments and servicing of finance		**1**	1
Increase in cash	16	**1,641**	1,321

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

These financial statements have been prepared on the going concern basis, in accordance with Companies Act 2006 and applicable UK accounting standards under the historical cost accounting rules The 2010 profit and loss account includes a restatement to reclassify a £404,000 credit from administrative expenses to turnover to be more consistent with the current year presentation

Going concern

The directors have considered the budget for the next 12 months and the ability of the Company to meet its liabilities as they fall due As a result the directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements

Turnover

Turnover represents the recharge of rail services incurred, exclusive of VAT, to joint venture parties and third party customers and is recognised when the services are provided based on the transport of aggregate All sales are made in the United Kingdom

Tangible fixed assets

The cost of tangible fixed assets, less their estimated residual values, is written off by equal annual instalments over their expected useful lives as follows

Vehicles	- 3 years
Plant and equipment	- 3 -5 years
Improvement to leasehold property	- 5 years

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are recognised in the profit and loss account

Leased assets are depreciated over the useful life of the asset However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term
Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term

Stock

Stock is valued at the lower of cost and net realisable value In determining the cost of stock the weighted average purchase price is used

Pension funds

The company contributes to personal pension funds of the employees Contributions are charged to the profit and loss account as they become payable

Deferred taxation

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

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

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less

2 Turnover

Turnover represents the income receivable for services supplied by the company and is generated wholly in the United Kingdom

3 Employees and directors

	2011 £'000	2010 £'000
Wages and salaries	785	892
Social security costs	102	100
Pension costs	76	94
	963	1,086

The average number of employees during the year was made up as follows

	2011 Number	2010 Number
Employees	25	25
	25	25

The aggregate emoluments of the directors of the company were

	2011 £'000	2010 £'000
Directors' emoluments	116	119
Company contributions to money purchase pension schemes	22	22
	138	141
Number of directors benefiting from payments into personal pension	1	1

Certain directors of the company are remunerated by Aggregate Industries UK Limited and Hanson Quarry Venture Products Limited The directors consider that the amount of time spent on the entity is inconsequential, and therefore no remuneration is disclosed No recharge of directors remuneration has been made by Aggregate Industries UK Limited and Hanson Quarry Venture Products Limited

4 Operating profit

	2011 £'000	2010 £'000
This is stated after charging		
Auditors' remuneration - audit	13	13
Depreciation of owned fixed assets	4	5
Rental of land and buildings	107	107
Hire of plant and equipment	4,251	4,452

5 Interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest receivable	1	1
	1	1

Mendip Rail Limited
Notes to the financial statements
for the year ended 31 December 2011

6 Taxation	**2011**	2010
	£'000	£'000
UK corporation tax		
Current tax	**352**	-
Adjustments in respect of prior years	**-**	(1)
	352	(1)
Deferred tax (note 11)		
Origination and reversal of timing differences	**48**	87
Adjustments in respect of prior years	**(2)**	-
	46	87
Tax on profit on ordinary activities	**398**	86

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 26 5% (2010 28%) The differences are explained below

Current tax reconciliation	**2011**	2010
	£'000	£'000
Profit on ordinary activities before tax	**1,501**	296
Current tax at 26 5% (2010 28%)	**398**	83
Effects of		
Expenses not allowable for tax purposes	**-**	2
Accelerated capital allowances	**(2)**	(5)
Other timing differences	**(7)**	-
Utilisaton of tax losses	**(37)**	(80)
Adjustments in respect of prior periods	**-**	(1)
Total current tax	**352**	(1)

On the 22 June 2010 the UK Chancellor of the Exchequer announced a number of corporate tax reforms including the Corporation tax rate reducing from 28% to 24%, over 4 years This reduction will be staggered as a 1% reduction each year, the first reduction of 1% is effective from 1 April 2011

On the 22 March 2011, the UK Chancellor of the Exchequer announced a further 1% reduction in the UK Corporation tax rate to 26% effective from 1 April 2011, along with subsequent reductions of 1% each year to a final rate of 23% On 21 March 2012 the UK Chancellor further reduced the tax rate by 1% such that the rate effective from 1 April 2012 is now 24%, reducing by 1% each year to a final rate of 22%

At the balance sheet date a rate of 25% was substantively enacted, to come into effect from 1 April 2012

The effect of the above proposed reductions in rate by 2014 would be to decrease the net deferred tax asset by £1k

7 Tangible fixed assets

	Vehicles £000	Plant and Equipment £000	Improvements to Leasehold Property £000	Total £000
Cost				
At 1 January 2011	168	166	63	397
Disposals	(34)	-	-	(34)
At 31 December 2011	134	166	63	363
Depreciation				
At 1 January 2011	162	166	63	391
Charge for the year	4	-	-	4
Disposals	(34)	-	-	(34)
At 31 December 2011	132	166	63	361
Net book value				
At 31 December 2011	**2**	**-**	**-**	**2**
At 31 December 2010	6	-	-	6

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

8 Stock

	2011 £'000	2010 £'000
Locomotive spares, wagon spares and tool stocks	1,444	1,339
	1,444	1,339

9 Debtors

	2011 £'000	2010 £'000
Trade debtors	990	721
Amounts due from group undertakings	3,809	2,601
Prepayments	46	132
Deferred tax (note 11)	13	59
	4,858	3,513

10 Creditors amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	4,148	2,591
Amounts due to group undertakings	1,373	1,370
Corporation tax	352	-
Other taxes and social security	200	83
Other creditors	89	-
Accruals and deferred income	662	796
	6,824	4,840

Mendip Rail Limited
Notes to the financial statements
for the year ended 31 December 2011

11 Deferred tax asset

	2011 £'000	2010 £'000
At 1 January	59	146
Charged to profit and loss account	(46)	(87)
At 31 December	13	59
Tax effect of timing differences because of		
Accelerated capital allowances	13	17
Other timing differences	-	5
Tax losses carried forward	-	37
	13	59

12 Share capital

Authorised, allotted, called up and fully paid	2011 £	2010 £
500 Ordinary "A" shares of £1 each	500	500
500 Ordinary "B"shares of £1 each	500	500
	1,000	1 000

Ordinary "A" and "B" shares were issued at par and enjoy equivalent voting rights and rights to dividends and amounts receivable on a winding up

13 Reserves

	Profit and loss account £'000
At 1 January 2011	3,115
Profit for the year	1,103
At 31 December 2011	4,218

14 Reconciliation of movement in total shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	1,103	210
Net increase in total shareholders' funds	1,103	210
Opening total shareholders' funds	3,116	2,906
Closing total shareholders' funds	4,219	3,116

15 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating profit	1,500	295
Depreciation charge	4	5
(Increase)/decrease in stock	(105)	273
(Increase)/decrease in debtors	(1,391)	559
Increase in creditors	1,632	188
Net cash inflow from operating activities	1,640	1,320

16 Reconciliation of movement in net cash

	As at 1 Jan 2011 £'000	Cash flow £'000	As at 31 Dec 2011 £'000
Cash in bank and in hand	3,098	1,641	4,739
	3,098	1,641	4,739

17 Personal pensions funds

The company contributes to the personal pension funds of the employees The assets of these funds are held separately from those of the company in individually administered funds The unpaid contributions outstanding at the year end included in creditors are £nil (2010 £nil)

18 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases expiring as set out below

	2011 £'000	2010 £'000
Land and Building		
within one year	107	107
Plant and Machinery		
within one year	2,617	2,634
within two to five years	1,467	968
in over five years	347	847

19 Related parties

Transactions with related parties include only those with the parent undertakings and are disclosed as follows

	Sales £'000	Purchases £'000
2010		
Hanson Aggregates	8,145	2,225
Aggregate Industries UK Limited	11,678	2,202
2011		
Hanson Aggregates	**9,590**	**1,821**
Aggregate Industries UK Limited	**12,043**	**2,540**

Amounts outstanding as at 31 December 2010 were as follows	Debtors £'000	Creditors £'000
Hanson Aggregates	471	871
Aggregate Industries UK Limited	2,130	499
Amounts outstanding as at 31 December 2011 were as follows		
Hanson Aggregates	**128**	**691**
Aggregate Industries UK Limited	**3,681**	**682**

Aggregate Industries UK Ltd owns 100% of the share capital of Foster Yeoman Ltd

20 Parent and ultimate parent company

The company is jointly controlled by Foster Yeoman Limited and Hanson Quarry Products Ventures Limited

The ultimate parent undertaking of Foster Yeoman Limited is Holcim Ltd which is incorporated in Switzerland

Copies of the accounts of Holcim Ltd are available on www holcim com or from Holcim Ltd Corporate Communications, Zurcherstrasse 156, CH-8645 Jona, Switzerland

The ultimate parent undertaking of Hanson Quarry Product Ventures Limited is Heidelberg Cement AG, which is registered in Germany

Copies of the accounts of Heidelberg Cement AG may be obtained from Berliner Strasse 6 D-69120, Heidelberg, Germany