Registered number
02747203

Mendip Rail Limited

Reports and financial statements
for the year ended 31 December 2013

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for the year ended 31 December 2013

Mendip Rail Limited
Directors and advisors

Directors
Andrew Bridge
Laurence Quinn
Philippe Frenay
Phillip Redmond
Daniel Morgan
Fiona Hornby

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

Strategic report

for the year ended 31 December 2013

The directors present their Strategic Report for the year ended 31 December 2013.

Principal activity and Business review

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 company's Profit & Loss Account and Balance Sheet appear on pages 7 and 8 respectively. The company's key financial and other performance indicators during the year were as follows:

	2013	2012	Change
	£'000	£'000	%
Turnover	23,491	20,927	12%
Net Assets	2,222	2,270	(2%)

Turnover from ongoing operations of £23.5m represents an increase of 12% compared with 2012, this was due to increased activity driven by the recovering economy.

Operating profit (excluding depreciation) reduced from £76,000 in 2012 to an operating loss in 2013 of £17,000, due to an increase in management charge for the year, 2013 £1.2m, (2012: £0.06m), this is due to management's change in policy following a thorough review in the year of the level, value and costs of the support services provided by the parent companies.

Net assets reduced by 2% compared with prior year due to the result in the current year.

The directors expect overall operations to remain profitable in 2014, overall demand is forecast to increase slightly relative to 2013 as the economy continues to recover.

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

Results and dividends

The result for the financial year after tax amounted to a loss of £48,000 (2012: £51,000 profit). The directors paid a dividend of £nil during the year (2012: £2,000,000).

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
Strategic report
for the year ended 31 December 2013

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 2014.

This report was approved by order of the board.

Philippe Frenay
On behalf of Mendip Rail Limited
Director
13 August 2014

Mendip Rail Limited
Directors' report
for the year ended 31 December 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

Directors
The following directors held office during the year and subsequently:

Andrew Bridge	
Guy Edwards	(resigned 20 February 2013)
Philippe Frenay	
Simon Blake	(resigned 26 September 2013)
Tim Jackson	(resigned 15 October 2013)
Laurence Quinn	(appointed 20 February 2013)
Jocelyn Morris	(appointed 9 March 2013 and resigned 3 April 2014)
Phillip Redmond	(appointed 9 March 2013)
Daniel Morgan	(appointed 15 October 2013)
Fiona Hornby	(appointed 3 April 2014)

Information on the directors' remuneration is shown in note 3.

Dividends
No dividend was declared for the year (2012: £2,000k).

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.

Future developments
The Company intends to continue to operate as a haulier of aggregate by rail.

Events since the balance sheet date
There have been no events since the balance sheet date.

Directors' qualifying third party indemnity provisions

The Company has indemnified the directors of the Company 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 was in force during the year and is in force as at the date of approving the Directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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 Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

Philippe Frenay

Director
13 August 2014

Independent auditor's report
to the members of Mendip Rail Limited

We have audited the financial statements of Mendip Rail Limited for the year ended 31 December 2013 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 5, 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 reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and 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

15 August 2014

Mendip Rail Limited
Profit and loss account
for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	**23,491**	20,927
Cost of sales		**(21,347)**	(20,216)
Gross profit		**2,144**	711
Administrative expenses		**(2,206)**	(644)
Other income		-	-
Operating (loss)/profit	4	**(62)**	67
Interest receivable and similar income	5	**1**	2
Interest payable and similar charges		-	(1)
(Loss)/profit on ordinary activities before taxation		**(61)**	68
Tax on profit on ordinary activities	6	**13**	(17)
(Loss)/profit for the financial year	13,14	**(48)**	51

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.

Mendip Rail Limited
Company Registration No. 02747203
Balance sheet
as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	7	**368**	422
		368	422
Current assets			
Stock	8	**573**	667
Debtors	9	**2,625**	4,339
Cash at bank and in hand		**4,013**	2,883
		7,211	7,889
Creditors: amounts falling due within one year	10	(5,357)	(6,037)
Net current assets		**1,854**	1,852
Provisions for liabilities	11	-	(4)
Net assets		**2,222**	2,270
Capital and reserves			
Called up share capital	12	**1**	1
Profit and loss account	13	**2,221**	2,269
Total shareholders' funds	14	**2,222**	2,270

The financial statements were approved by the board of directors on 13 August 2014 and were signed on its behalf by:

Philippe Frenay
Director

Mendip Rail Limited
Cash flow statement
for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	15	**1,490**	76
Return on investments and servicing of finance			
Dividends paid		-	(2,000)
Interest paid		-	(1)
Interest received		1	2
Net cash inflow/(outflow) from returns on investments and servicing of finance		1	(1,999)
Taxation		**(352)**	-
Capital expenditure and financial investment			
Payments to acquire fixed assets		(28)	
Receipts from sale of fixed assets		19	67
Net cash (outflow)/inflow for capital expenditure and financial investment		(9)	67
Increase/(Decrease) in cash	16	1,130	(1,856)

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.

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

Where a vehicle spare part is deemed to be critical to the continuing operation of the business and is above a de minimis threshold, that part is capitalised within vehicles as a non depreciating asset. The asset is then depreciated once it is put into use.

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 profit & loss account 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.

Management Charge

During the year management increased the management charge from its parent companies following a thorough review of the level, value and costs of the support services provided.

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 rail services supplied by the company and is generated wholly in the United Kingdom.

3 Employees and directors

	2013 £'000	2012 £'000
Wages and salaries	899	795
Social security costs	89	84
Pension costs	66	64
	1,054	943

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

	2013 Number	2012 Number
Employees	23	24
	23	24

The 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 (loss)/profit

	2013 £'000	2012 £'000
This is stated after charging:		
Auditors' remuneration - audit	12	13
Depreciation of owned fixed assets	45	9
Loss on disposal of fixed assets	18	-
Operating lease payments borne:		
Land & Buildings	163	107
Plant and equipment	2,512	4,005

5 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest receivable	1	2
	1	2

6 Taxation

	2013 £'000	2012 £'000
UK corporation tax		
Current tax	-	-
Adjustments in respect of prior years	-	-
	-	-
Deferred tax (note 11)		
Origination and reversal of timing differences	(13)	17
Adjustments in respect of prior years	-	-
	(13)	17
Tax on (loss)/profit on ordinary activities	(13)	17

Factors affecting the tax charge for the current year:

The current tax charge for the year is higher (2012: lower) than the small companies rate of 20% (2012: 24.5%). The differences are explained below:

Current tax reconciliation	2013 £'000	2012 £'000
(Loss)/profit on ordinary activities before tax	(61)	68
Current tax at 20% (2012: 24.5%)	(12)	17
Effects of		
Accelerated capital allowances	(7)	(20)
Other timing differences	-	1
Recognition of tax losses	19	2
Total current tax	-	-

There are no future tax changes announced which will impact the tax rate of the Company.

Deferred tax has been calculated at 20%.

7 Tangible fixed assets

	Vehicles £000	Plant and Equipment £000	Improvements to Leasehold Property £000	Total £000
Cost				
At 1 January 2013	563	166	63	792
Additions	28	-	-	28
Disposals	(38)	-	-	(38)
At 31 December 2013	553	166	63	782
Depreciation				
At 1 January 2013	141	166	63	370
Charge for the year	45	-	-	45
Disposals	(1)	-	-	(1)
At 31 December 2013	185	166	63	414
Net book value				
At 31 December 2013	368	-	-	368
At 31 December 2012	422	-	-	422

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

	2013 £'000	2012 £'000
Locomotive spares, wagon spares and tool stocks	573	667
	573	667

9 Debtors

	2013 £'000	2012 £'000
Trade debtors	682	998
Amounts due from group undertakings	1,806	3,222
Prepayments and accrued income	128	119
Deferred tax (note 11)	9	-
	2,625	4,339

10 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	3,399	4,260
Amounts due to group undertakings	1,330	1,046
Corporation tax	-	352
Other taxes and social security	449	272
Other creditors	80	34
Accruals and deferred income	99	73
	5,357	6,037

11 Deferred tax balance

	2013 £'000	2012 £'000
At 1 January	(4)	13
Credited/(Charged) to profit and loss account	13	(17)
At 31 December	9	(4)
Tax effect of timing differences because of:		
Accelerated capital allowances	(11)	(7)
Other timing differences	1	1
Tax losses carried forward	19	2
	9	(4)

During the year the submitted Company corporation tax return, disclaimed the carried forward tax losses.

12 Share capital

Allotted, called up and fully paid:

	2013 £	2012 £
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 2013	2,269
Loss for the year	(48)
Dividends	-
At 31 December 2013	**2,221**

14 Reconciliation of movement in total shareholders' funds

	2013 £'000	2012 £'000
(Loss)/Profit for the financial year	**(48)**	51
Dividends paid	**-**	(2,000)
Net reduction in total shareholders' funds	**(48)**	(1,949)
Opening total shareholders' funds	**2,270**	4,219
Closing total shareholders' funds	**2,222**	2,270

15 Cash flow from operating activities

Reconciliation of operating (loss)/profit to net cash inflow from operating activities:

	2013 £'000	2012 £'000
Operating (loss)/profit	**(62)**	67
Depreciation charge	**45**	9
Loss on disposal of fixed assets	**18**	-
Decreasein stock	**94**	281
Decrease in debtors	**1,723**	506
Decrease in creditors	**(328)**	(787)
Net cash inflow from operating activities	**1,490**	76

16 Reconciliation of movement in net cash

	As at 1 Jan 2013 £'000	**Cash flow £'000**	**As at 31 Dec 2013 £'000**
Cash at bank and in hand	2,883	1,130	4,013
	2,883	**1,130**	**4,013**

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 £5k (2012: £6k).

18 Other financial commitments

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

	2013 £'000	2012 £'000
Land and Building:		
within one year	**159**	159
Plant and Machinery:		
within one year	**-**	520
within two to five years	**729**	729
in over five years	**814**	284

19 Related parties

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

	Sales £'000	Purchases £'000
2013		
Hanson Aggregates UK Limited	10,190	1,773
Aggregate Industries UK Limited	12,727	1,453
2012		
Hanson Aggregates UK Limited	9,273	1,775
Aggregate Industries UK Limited	10,777	1,842

Amounts outstanding as at 31 December 2013 were as follows:	Debtors £'000	Creditors £'000
Hanson Aggregates UK Limited	1,144	218
Aggregate Industries UK Limited	662	313
Amounts outstanding as at 31 December 2012 were as follows:		
Hanson Aggregates UK Limited	591	550
Aggregate Industries UK Limited	2,631	496

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.