

Registered Number: 02153217

CRH FINANCE (U.K.) plc

Report of the Directors

and Financial Statements

For the year ended 31 December 2012

CRH FINANCE (U.K.) plc

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For the year ended 31 December 2012

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CRH FINANCE (U.K.) plc

Company Information
for the year ended 31 December 2012

Directors and Secretary

A.W. Bennion
S.P. Hardy MBE
K.J. Sims

Secretary - S.P. Hardy MBE

Registered Office

Leicester Road
Ibstock
Leicestershire
LE67 6HS

Company Number

02153217

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Bankers

NatWest
Liverpool City Office
22 Castle Street
Liverpool L2 0UP

Solicitors

Hill Dickinson LLP
No.1 St. Paul's Square
Liverpool
L3 9SJ

Directors' report

The Directors present their report and financial statements for the year ended 31 December 2012.

1. TRADING ACTIVITY

The company issues commercial paper. In 2008 the company raised £250,000,000 through the issuance of Sterling bonds. These bonds are listed on the Irish Stock Exchange. No bonds were issued in 2011 and 2012. In 2011 the company, along with other CRH plc group companies entered into a €1.5billion syndicated 5-year facility with 12 major international banks. This committed facility, guaranteed by CRH plc, remained undrawn by the company at 31 December 2012.

2. STATE OF AFFAIRS, RESULTS AND DIVIDENDS

The profit and loss account for the year ended 31 December 2012 and the balance sheet at that date are set out on pages 9 and 10. The result for the year amounted to £nil (2011 result: £nil). Net assets amount to £103,643 at 31 December 2012 (2011: £103,643).

At the year end, the company had a bank overdraft of £1,878,788 which was as a result of paying the annual bank guarantee in 2011. Prior to 2011 and in 2012 this was settled through intercompany. The overdraft is non interest bearing and is not secured.

3. DIRECTORS

The Directors who served throughout the year are as follows:

A.W. Bennion
S.P. Hardy MBE
K.J. Sims

4. DIVIDENDS

The Directors do not propose the payment of a dividend (2011: £nil)

5. AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors in accordance with s.485 of the Companies Act 2006, will be put to the members at the Annual General Meeting.

6. IMPORTANT EVENTS SINCE THE YEAR END

There were no important events since the year end.

7. 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 Group'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.

Directors' report (continued)

8. DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgments and accounting estimates that are reasonable and prudent;*
- *state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

9. PRINCIPAL RISKS AND UNCERTAINTIES

These principal risks are set out below.

The financial performance of the Company is affected by borrower credit quality and general economic conditions

Risks arising from changes in credit quality and the recoverability of loans and amounts due from other group companies are inherent in the Company's businesses. Adverse changes in the credit quality of the Company's borrowers or a general deterioration in economic conditions, or arising from systemic risks in financial systems, could affect the recoverability and value of the Company's assets and require a provision for bad and doubtful debts and other provisions.

10. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during the year (2011: £nil).

11. FINANCIAL KEY PERFORMANCE INDICATORS

Some key financial performance indicators which, taken together, are a measure of performance and financial strength are set out below.

The Company regards ratios based on interest cover as more meaningful measures of financial capacity than the ratio of net debt to total equity as they match the earnings and cash generated by a business to the underlying funding costs.

Year-end net debt of £266,118,588 was £42,693 higher than the net debt position at the end of 2011. 2011 has been restated to include the bank overdraft.

	2012	Restated 2011
Interest cover EBIT basis (times)	(1.00)	(0.99)
Net debt as a percentage of total equity (%)	256,764.65	256,723.46
Return on average capital employed (%)	0.71	0.71
Return on average equity (%)	0.00	0.00

Directors' report (continued)

12. GOING CONCERN

The Company is part of the CRH plc group and its ultimate parent undertaking has committed to supporting it. The Company and Group operate well within available banking facilities. As a consequence the Directors believe that the Company is well placed to manage its business risks successfully despite the current economic climate.

After making enquiries the Directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

13. ANNUAL CORPORATE GOVERNANCE STATEMENT

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the external auditors' performance, qualifications and independence. The Board of Directors are responsible for internal control in relation to the financial reporting process.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the financial statements.

Control Activities

The Board has appropriately designed and maintained control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

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Directors' report (continued)

13. ANNUAL CORPORATE GOVERNANCE STATEMENT (continued)

Capital Structure

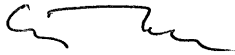
No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital. There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and by the Companies Act 2006. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors look after administration of the Company on a day to day basis.

On behalf of the Board



S.P. Hardy MBE

Date: 29 April 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRH FINANCE (U.K.) plc

We have audited the financial statements of CRH Finance (U.K.) plc for the year ended 31 December 2012 which comprise the Profit and Loss Account, Movements on Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 auditors' 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 Directors' Responsibilities Statement 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 Directors' 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 2012 and of its result 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.*

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRH FINANCE (U.K.) plc (continued)

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.*



Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Nottingham

Date: 29 April 2013

Profit and Loss Account for the year ended 31 December 2012

	Notes	2012 £	2011 £
Interest Receivable	4	22,561,728	22,500,000
Interest Payable and Similar Charges	4	(20,682,887)	(20,605,066)
Net interest income after interest payable and similar charges		<u>1,878,841</u>	<u>1,894,934</u>
Administrative Expenses		(1,880,595)	(1,878,837)
Operating (Loss)/Profit - continuing operations	5	<u>(1,754)</u>	<u>16,097</u>
(Loss)/Profit on Ordinary Activities before Taxation		<u>(1,754)</u>	<u>16,097</u>
Taxation on (Loss)/Profit on Ordinary Activities	6	1,754	(16,097)
(Loss)/Profit for the Year after Taxation	12	<u>-</u>	<u>-</u>

Movements on Profit and Loss Account

Profit brought forward at beginning of year	53,643	53,643
(Loss)/Profit for the year	<u>-</u>	<u>-</u>
Profit carried forward at end of year	<u>53,643</u>	<u>53,643</u>

All amounts were from continuing operations.

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses in 2012 and 2011 other than the result of £nil (2011 result : £nil) in the year ended 31 December 2012.

Balance Sheet at 31 December 2012

	Notes	£	2012 £	£	2011 £
Current Assets					
Debtors					
Amounts falling due within one year	7	15,577,455		15,596,436	
Amounts falling due after one year	7	<u>252,928,448</u>		<u>252,870,435</u>	
		268,505,903		268,466,871	
Creditors					
Amounts falling due within one year	8	<u>(16,122,374)</u>		<u>(16,075,895)</u>	
Net Current Assets			252,383,529		252,390,976
Creditors					
Amounts falling due after more than one year	9		(252,279,886)		(252,287,333)
Net Assets			<u>103,643</u>		<u>103,643</u>
Capital and Reserves					
Called up share capital	11	50,000		50,000	
Profit and loss account	12	<u>53,643</u>		<u>53,643</u>	
Shareholders' Funds	12		<u>103,643</u>		<u>103,643</u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf by:

A.W. Bennion
Director: 

Date: 29 April 2013

CRH FINANCE (U.K.) plc

Notes to the Financial Statements at 31 December 2012

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable UK accounting standards and legislation. The accounts have been prepared on a going concern basis as the ultimate parent undertaking has guaranteed that it will meet the liabilities of the Company as and when they fall due.

Translation of Foreign Currencies

The accounts are expressed in Sterling (£). The transactions during the year have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated to Sterling at the rates of exchange ruling at the balance sheet date. The resulting profits/losses are dealt with in the Profit and Loss account.

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 tax. Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the years in which the timing differences reverse.

Taxation - current

Current tax represents the expected tax payable (or recoverable) on the taxable profit or loss for the year using tax rates enacted for the period.

Cash Flow Statement

Financial Reporting Standard number 1 (Revised 1996), "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more voting rights are controlled by a Group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The Company has availed of this exemption.

Financial Liabilities

Financial liabilities within the scope of FRS26 are classified as loans and borrowings on initial recognition. They have been recognised initially at fair value plus directly attributable transaction costs.

Financial liabilities include term loans, accruals, bank loans and overdrafts.

After initial recognition, interest bearing loans and borrowings are subsequently recognised at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest payable in the profit and loss account.

Financial Assets

Financial assets within the scope of FRS 26 are classified as loan and receivables at initial recognition.

These comprise amounts due from group undertakings. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account in interest payable and similar charges.

CRH FINANCE (U.K.) plc

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of Financial Assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Financial Instruments: Disclosures

The company has availed of the exemption under FRS 29 where it does not give the disclosures required by that standard as it is a more than 90% owned subsidiary of a group which prepares publicly available consolidated financial statements which include disclosures that comply with that standard.

Interest Income

For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR) which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Interest income is included in interest receivable in the profit and loss account.

2. DIRECTORS' REMUNERATION

The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their inconsequential services to the company for the year ended 31 December 2012 and the year ended 31 December 2011.

3. EMPLOYEES

There were no paid employees employed by the Company during the year (2011: none).

4. INTEREST

	2012	2011
	£	£
Interest receivable		
Bank interest receivable	85	-
Interest receivable from group undertakings	22,561,643	22,500,000
	<u>22,561,728</u>	<u>22,500,000</u>
Interest payable & similar charges		
Interest payable on bonds	(20,663,906)	(20,586,094)
Bond fees	(18,981)	(18,972)
	<u>(20,682,887)</u>	<u>(20,605,066)</u>

CRH FINANCE (U.K.) plc

Notes to the Financial Statements (continued)

5. OPERATING (LOSS)/PROFIT

This is stated after charging:

	2012	2011
	£	£
Auditors remuneration - audit services	<u>3,786</u>	<u>2,025</u>

6. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2012	2011
	£	£
The tax (credit)/charge is made up as follows:		
Current tax:		
Group relief (receivable)/payable	<u>(1,754)</u>	<u>16,097</u>
Tax on (loss)/profit on ordinary activities	<u>(1,754)</u>	<u>16,097</u>

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower (2011: higher) than the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are reconciled below:

(Loss)/Profit on ordinary activities before taxation	<u>(1,754)</u>	<u>16,097</u>
Standard rate of corporation tax in the UK	24.5%	26.5%
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax	(430)	4,266
Group relief (received)/paid for at higher rate of tax	<u>(1,324)</u>	<u>11,831</u>
Total current tax (credit)/charge for the period	<u>(1,754)</u>	<u>16,097</u>

Factors that may affect future tax charges

In his budgets of 2010, 2011, 2012 and 2013, the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 26% to 20% falling 2% from April 2012 with a further 1% a year in 2013, 2% in 2014 and a final 1% in 2015.

The reduction to 24% from April 2012 was substantively enacted on 26 March 2012. The further 1% reduction in rate to 23% from April 2013 was substantively enacted on 3 July 2012. The effect of the additional proposed rate reductions to 20% will be considered once they are substantively enacted.

Deferred taxation

There is no provided or unprovided deferred tax asset or liability (2011: £nil).

CRH FINANCE (U.K.) plc

Notes to the Financial Statements (continued)

7. DEBTORS	2012	2011
(Amounts falling due within one year)	£	£
Other debtors	43,208	62,189
Amounts due from group undertakings	15,534,247	15,534,247
	<u>15,577,455</u>	<u>15,596,436</u>
(Amounts falling due after one year)		
Amounts due from group undertakings	252,928,448	252,870,435
	<u>268,505,903</u>	<u>268,466,871</u>

Within the loan of £252,928,448 (2011: £252,870,435) due from group undertakings, £250,000,000 (2011: £250,000,000) is repayable in full on July 28 2019. Interest on this loan is payable at a fixed rate of 9% per annum and settled on an annual basis.

8. CREDITORS:	2012	2011
(Amounts falling due within one year)	£	£
Bank overdraft	(1,878,788)	(1,875,002)
Accrued interest	(14,239,800)	(14,200,893)
Accruals	(3,786)	-
	<u>(16,122,374)</u>	<u>(16,075,895)</u>

At the year end, the company had a bank overdraft of £1,878,788 which was as a result of paying the annual bank guarantee in 2011. Prior to 2011 and in 2012 this was settled through intercompany. The overdraft is non interest bearing and is not secured.

9. CREDITORS:	2012	2011
(Amounts falling due after one year)	£	£
Amounts due to other group undertakings	(2,279,886)	(2,287,333)
Medium Term loan repayable (note 10)	(250,000,000)	(250,000,000)
	<u>(252,279,886)</u>	<u>(252,287,333)</u>

No repayment date has been set for the amounts due to other group undertakings. The relevant group undertakings have confirmed they do not intend to recall the loan within 12 months from the date of signing these financial statements. The amounts are non-interest bearing.

10. LOANS

Medium Term loan

On 24 April 2008 CRH Finance (U.K.) plc raised STG£250 million through the issuance of Sterling bonds with a seven year term under the CRH plc Euro Medium Term Note programme established in 2007. The Notes pay a fixed interest rate of 8.25%, payable annually in arrears, and repayable in full on 24 April 2015. The payment is guaranteed by CRH plc. The bond guarantee fees amounted to £1,875,000 (2011: £1,875,000) and have been included within administrative expenses.

11. CALLED UP SHARE CAPITAL	2012	2011
	£	£
Authorised, called up, allotted and fully paid:		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

CRH FINANCE (U.K.) plc

Notes to the Financial Statements (continued)

12. SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	103,643	103,643
(Loss)/Profit for the financial year	-	-
Closing shareholders' funds	<u>103,643</u>	<u>103,643</u>

13. PARENT UNDERTAKINGS, CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS

The immediate holding company is CRH (UK) Limited, a company incorporated in the United Kingdom. The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the Company is a member, is CRH plc, a Company incorporated in the Republic of Ireland, with a registered office at 42 Fitzwilliam Square, Dublin 2, Ireland. The ultimate controlling party is CRH plc. Copies of the group financial statements may be obtained from CRH plc, Belgard Castle, Clondalkin, Dublin 22, Ireland.

The Company has availed of the exemption provided in Financial Reporting Standard Number 8, "Related Party Disclosures" (Amended), from disclosing transactions with one or more of its group, where any undertaking which is a party to the transaction is a wholly-owned member of the group.

14. BOARD APPROVAL

The Board of Directors approved the financial statements on