

Registration number: 02455626

# Halfen Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2018



# Halfen Limited

## Company Information

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**Directors**            B Davis  
                             M J Smith  
                             R Wachter

**Company secretary** B Davis

**Registered office**    A1/A2 Portland Close  
                             Townsend Industrial Estate  
                             Houghton Regis  
                             Dunstable  
                             LU5 5AW

**Bankers**                National Westminster Bank plc  
                             Liverpool  
                             2 Castle Street  
                             Liverpool  
                             L2 0UP

**Auditor**                RSM UK Audit LLP  
                             Chartered Accountants  
                             The Pinnacle  
                             170 Midsummer Boulevard  
                             Milton Keynes  
                             MK9 1BP

# Halfen Limited

## Strategic Report for the Year Ended 31 December 2018

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The directors present their strategic report for the year ended 31 December 2018.

### Principal activity

The principal activity of the company is the distribution of metal building products.

### Fair review of the business

The company is a wholly owned subsidiary of Halfeneisen GmbH, with the ultimate parent being CRH plc, the consolidated financial statements of which are publicly available.

The ongoing uncertainties around Brexit have continued to impact the UK construction sector, with investment decisions being postponed and ongoing projects experiencing delays, which has resulted in a lower level of order intake for the year compared to 2017. However, sales have been maintained in line with the prior year and gross margin has improved by 2% due to a number of factors: a more favourable product mix, close control over pricing and margin decisions, and improved stock availability from the group.

Shareholder funds' have benefited from the increased profit after tax for the year and actuarial gains arising on the company's defined benefit pension plan.

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

	Unit	2018	2017
Turnover	£000	7,892	7,856
Gross profit margin	%	40	38
Operating profit	£000	868	809
Profit after tax	£000	707	586
Shareholder funds'	£000	10,063	8,993
Order intake	£000	7,426	8,784

### Future developments

The early signs in 2019 are positive with a strong order intake in both the last quarter of 2018 and the first quarter of 2019. However, it is expected that there will be some continued caution in the building sector as the potential impact of Brexit still remains uncertain. No significant changes in the principal activities of the business are anticipated in the foreseeable future.

### Financial instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and price risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring these risks.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

# Halfen Limited

## Strategic Report for the Year Ended 31 December 2018 (continued)

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### ***Price risk, credit risk, liquidity risk, cash flow risk and foreign exchange risk***

#### **Price risk**

The company is exposed to commodity price risk as a result of its operations arising from movements in market prices for metals. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Amounts outstanding from individual customers are regularly monitored and appropriate actions taken where customers are in breach of payment terms.

#### **Liquidity risk**

The company has access to short-term bank credit lines and intra-group lending lines to ensure the company has sufficient funds available for operations and any planned expansions.

#### **Interest rate cash flow risk**

The company has interest bearing assets, which include cash balances that earn interest at the prevailing bank rate. Given the size of the company's operations, the costs of managing exposure to interest rate cash flow risk would exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Foreign exchange rate risk**

The company's transactions are predominantly in Sterling and Euros, and the company is therefore exposed to the movement in foreign exchange rates. Where appropriate, the company manages this risk with forward foreign exchange contracts via the group's treasury department in line with the CRH plc group policies, although no contracts were in place at the year end.

#### **Exit from the European Union**

As the UK government continues its negotiations with the European Union over the future relationship of the two parties, the company continues to develop its business in the UK to ensure it remains competitive, and is working closely with its parent group to prepare for changes in logistical arrangements that may arise to ensure there are no disruptions in supply. The company has also taken steps to minimise the impact to the business in the case of a 'No deal' exit. Until the Brexit negotiation process is completed, however, the ongoing uncertainty is expected to increase volatility and may have an economic impact particularly in the UK and Eurozone.

Approved by the Board on 25/4/19 and signed on its behalf by:



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B Davis  
Company secretary and director

# Halfen Limited

## Directors' Report for the Year Ended 31 December 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

### Directors of the company

The directors who held office during the year, and through to the date of this report, were as follows:

B Davis - Company secretary and director

M J Smith

R Wachter

### Dividends

The directors do not recommend the payment of a dividend (2017 - £nil).

### Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent CRH plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CRH plc group to continue as a going concern or its ability to continue with the current banking arrangements.

After due consideration of the current balance sheet, forecast sales and recent trading performance, the directors have reached an assessment of the company's financial position, and together with the enquiries made of the directors of CRH plc, they have concluded that there is a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Matters of strategic importance

Certain information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of planned future developments has been included in the separate Strategic Report in accordance with section 414C (ii) of the Companies Act 2006.

### Reappointment of auditors

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution concerning its re-appointment will be submitted to the Annual General Meeting.

Approved by the Board on 25/4/19 and signed on its behalf by:

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B Davis

Company secretary and director

# Halfen Limited

## Statement of Directors' Responsibilities

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The directors are responsible for preparing the Strategic Report, Directors' Report and 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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Halfen Limited

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## Opinion

We have audited the financial statements of Halfen Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profits 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent Auditor's Report to the Members of Halfen Limited (continued)

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

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

## **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## Independent Auditor's Report to the Members of Halfen Limited (continued)

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### Use of our report

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.

RSM UK Audit LLP

.....  
David Olsson (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

Date: 30/04/19

# Halfen Limited

## Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	4	7,892	7,856
Cost of sales		<u>(4,734)</u>	<u>(4,858)</u>
<b>Gross profit</b>		3,158	2,998
Distribution costs		(172)	(187)
Administrative expenses		(2,160)	(2,041)
Other operating income	5	<u>42</u>	<u>39</u>
<b>Operating profit</b>	6	868	809
Interest payable and similar charges	10	<u>(40)</u>	<u>(60)</u>
<b>Profit on ordinary activities before tax</b>		828	749
Tax on profit on ordinary activities	11	<u>(121)</u>	<u>(163)</u>
<b>Profit for the year</b>		<u><u>707</u></u>	<u><u>586</u></u>

The above results were derived from continuing operations.

# Halfen Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
<b>Profit for the year</b>		<u>707</u>	<u>586</u>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of post employment benefit obligations	18	427	523
Movement on deferred tax relating to pension deficit	11	<u>(64)</u>	<u>(85)</u>
		363	438
<b>Total comprehensive income for the year</b>		<u><u>1,070</u></u>	<u><u>1,024</u></u>

**Halfen Limited**  
 (Registration number: 02455626)  
**Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Intangible assets	12	-	-
Property, plant and equipment	13	16	22
Investments	14	-	-
Deferred tax assets	11	180	299
		<u>196</u>	<u>321</u>
<b>Current assets</b>			
Stocks	15	265	383
Debtors	16	8,763	8,761
Cash at bank and in hand		2,703	2,136
		<u>11,731</u>	<u>11,280</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	17	(664)	(592)
Income tax liability		(173)	(279)
		<u>(837)</u>	<u>(871)</u>
Creditors: Amounts falling due within one year			
Net current assets		<u>10,894</u>	<u>10,409</u>
Net assets excluding pension liability		11,090	10,730
Net pension liability	18	(1,027)	(1,737)
<b>Net assets</b>		<u><u>10,063</u></u>	<u><u>8,993</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	2,255	2,255
Profit and loss account	20	7,808	6,738
<b>Shareholders' funds</b>		<u><u>10,063</u></u>	<u><u>8,993</u></u>

The financial statements were approved and authorised for issue by the Board on 25/4/19 and signed on its behalf by:



.....  
 B Davis  
 Company secretary and director

# Halfen Limited

## Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Retained earnings £ 000	Total £ 000
<b>At 1 January 2018</b>	<b>2,255</b>	<b>6,738</b>	<b>8,993</b>
Profit for the year	-	707	707
Other comprehensive income	-	363	363
Total comprehensive income	-	1,070	1,070
<b>At 31 December 2018</b>	<b>2,255</b>	<b>7,808</b>	<b>10,063</b>

	Share capital £ 000	Retained earnings £ 000	Total £ 000
<b>At 1 January 2016</b>	<b>2,255</b>	<b>5,714</b>	<b>7,969</b>
Profit for the year	-	586	586
Other comprehensive income	-	438	438
Total comprehensive income	-	1,024	1,024
<b>At 31 December 2017</b>	<b>2,255</b>	<b>6,738</b>	<b>8,993</b>

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

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### 1 General information

The company is a private company limited by share capital, incorporated in England and Wales and domiciled in England.

The address of its registered office is:

A1/A2 Portland Close  
Townsend Industrial Estate  
Houghton Regis  
Dunstable  
LU5 5AW

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention, and in accordance with, the Companies Act 2006.

The company's financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

#### Exemption from preparing group accounts

The financial statements contain information about Halfen Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, CRH plc, a company incorporated in Ireland. These financial statements are available on request from CRH plc, Belgard Castle, Clondalkin, Dublin 22, Ireland.

#### Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions in FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures'
- the requirements of Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements
- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

- the requirements of IAS 7, 'Statement of cash flows'
- the requirements of Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- the requirements of the following paragraphs of IAS 1 'Presentation of financial statements':
  - (i) 10(d), (statement of cash flows)
  - (ii) 10(f), (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - (iii) 16 (statement of compliance with IFRS)
  - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements)
  - (v) 38B-D (additional comparative information)
  - (vi) 40A-D (requirements for a third statement of financial position)
  - (vii) 111 (cash flow statement information), and
  - (viii) 134-136 (capital management disclosures).

### Changes in accounting policy

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018 but have not had a material impact on the company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the company.

### Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent CRH plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CRH plc group to continue as a going concern or its ability to continue with the current banking arrangements.

After due consideration of the current balance sheet, forecast sales and recent trading performance, the directors have reached an assessment of the company's financial position, and together with the enquiries made of the directors of CRH plc, they have concluded that there is a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

#### Revenue recognition

##### *Recognition*

The company earns revenue from the sale of metal building products. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

##### *Performance obligations*

The main performance obligations to customers consist of despatch of product for orders placed.

#### Foreign currency transactions and balances

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### Tax

Taxation, comprised of current and deferred tax, is charged or credited to the profit and loss account unless it relates to items in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with following exception. Deferred tax assets are recognised only to the extent that it is considered probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legal right of set off exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

#### Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

#### Depreciation

Depreciation is provided on property, plant and equipment assets so as to write off the cost less any estimated residual value, over their expected useful economic life on a straight line basis. Estimated useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Asset class	Depreciation method and rate
Land and buildings	over the term of the lease
Other property, plant and equipment	10% to 20% straight line basis
Furniture, fittings and equipment	20% to 25% straight line basis

#### Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

#### Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the profit and loss account.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

#### **Investments**

Investments in subsidiaries are held at historic cost less any applicable provision for impairment.

#### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Initial recognition**

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

#### **Classification and measurement**

##### **Financial assets at amortised cost**

All financial assets are measured at amortised cost.

##### **Financial liabilities at amortised cost**

All financial liabilities are measured at amortised cost using the effective interest rate method.

#### **Impairment of financial assets**

##### *Measurement of Expected Credit Losses*

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g., investments, loans and bank balance.

#### **Cash and cash equivalents**

This comprises cash at bank and in hand and short term deposits with an original maturity of three months or less.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

#### **Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost includes purchase price, including import duties, transport and handling costs, calculated on a consistent basis which excludes periodic trade discounts on certain lines specified at manufacture.

#### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

#### **Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

### 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### **Allowance for estimated irrecoverable debtors**

Allowances for estimated irrecoverable debtors are determined using a combination of factors to ensure that trade debtors are not overstated due to uncertainty of recoverability. The allowance for estimated irrecoverable debtors for all customers is based on a variety of factors, including the overall quality and ageing of receivables and continuing credit evaluation of the customer's financial conditions. Also, specific allowances for individual accounts are recorded when the company becomes aware of the customer's inability to meet its financial obligations.

#### **Stock provisioning**

The company's product range is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

#### **Defined benefit pension scheme**

The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend in a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

There are no significant judgements applied in the preparation of the financial statements.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 4 Turnover

The analysis of the company's turnover for the year by category:

	2018 £ 000	2017 £ 000
Sale of goods	<u>7,892</u>	<u>7,856</u>

The analysis of the company's turnover for the year by market is as follows:

	2018 £ 000	2017 £ 000
UK	7,250	7,280
Europe	642	574
Rest of world	<u>-</u>	<u>2</u>
	<u>7,892</u>	<u>7,856</u>

### 5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £ 000	2017 £ 000
Sub lease rental income (note 21)	39	39
Miscellaneous other operating income	<u>3</u>	<u>-</u>
	<u>42</u>	<u>39</u>

The sub-lease rental income comprises of rent and service charges receivable.

### 6 Operating profit

Arrived at after charging:

	2018 £ 000	2017 £ 000
Depreciation expense	16	19
Write-down/(reversal) of stock to net realisable value	(14)	3
Foreign exchange losses	2	8
Operating lease expense - property	99	99
Operating lease expense - plant and machinery	63	80
Impairment of trade debtors	(18)	96
Release of dilapidation provision	-	(200)
Stock recognised as an expense	<u>4,734</u>	<u>4,858</u>

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 7 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>14</u>	<u>14</u>

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	976	978
Social security costs	120	125
Pension costs, defined contribution scheme	70	68
Pension costs, defined benefit scheme	91	73
	<u>1,257</u>	<u>1,244</u>

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

	2018 No.	2017 No.
Sales and distribution	19	20
Finance and administration	<u>3</u>	<u>3</u>
	<u>22</u>	<u>23</u>

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	198	192
Contributions paid to money purchase schemes	<u>12</u>	<u>11</u>
	<u>210</u>	<u>203</u>

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 9 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	127	120
Company contributions to money purchase pension schemes	7	7
	<u>134</u>	<u>127</u>

### 10 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Net cost on post-employment benefits	<u>40</u>	<u>60</u>

### 11 Income tax

Tax (credited)/charged in the profit and loss account

	2018 £ 000	2017 £ 000
<b>Current taxation</b>		
UK corporation tax	105	110
UK corporation tax group relief tax adjustment to prior periods	(39)	(8)
	<u>66</u>	<u>102</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	55	37
Arising from changes in tax rates and laws	-	24
Total deferred taxation	<u>55</u>	<u>61</u>
Tax expense in the profit and loss account	<u>121</u>	<u>163</u>

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 11 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	828	749
Corporation tax at standard rate	157	144
Increase (decrease) in current tax from adjustment for prior periods	(39)	(8)
Increase (decrease) from effect of capital allowances depreciation	3	3
Deferred tax expense (credit) relating to changes in tax rates or laws	-	24
Total tax charge	121	163

Reductions to the main UK corporation tax rate were enacted in the Finance (No2) Act 2015 and the Finance Act 2016. These reduced the rate from 20% to 19% from April 2017 and then to 17% from April 2020. These rates were substantively enacted at the balance sheet date and, in accordance with accounting standards, have been reflected in the company's financial statements in the current year.

### Deferred tax

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	4	1	-	5
Pension benefit obligations	295	(56)	(64)	175
Other items	-	-	-	-
Net tax assets/(liabilities)	299	(55)	(64)	180



# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 11 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	2	2	-	4
Pension benefit obligations	442	(62)	(85)	295
Other items	1	(1)	-	-
Net tax assets/(liabilities)	<u>445</u>	<u>(61)</u>	<u>(85)</u>	<u>299</u>

### 12 Intangible assets

	Goodwill £ 000
<b>Cost</b>	
At 1 January 2018 and 31 December 2017	2,027
<b>Impairment</b>	
At 1 January and 31 December 2018	<u>2,027</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 13 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2018	62	17	128	207
Additions	-	-	10	10
At 31 December 2018	62	17	138	217
<b>Depreciation</b>				
At 1 January 2018	52	17	116	185
Charge for the year	10	-	6	16
At 31 December 2018	62	17	122	201
<b>Carrying amount</b>				
At 31 December 2018	-	-	16	16
At 31 December 2017	10	-	12	22

Included within the net book value of land and buildings above is £Nil (2017 - £10,000) in respect of short leasehold land and buildings.

### 14 Investments

Subsidiaries	£ 000
<b>Cost</b>	
Cost brought forward	78
At 31 December 2018	78
<b>Provision</b>	
Provision brought forward	78
At 31 December 2018	78
<b>Carrying amount</b>	
At 31 December 2018	-
At 31 December 2017	-

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 14 Investments (continued)

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2018	2017
Forsite Manufacturing Limited	Non-trading	A1/A2 Portland Close, Houghton Regis, Dunstable LU5 5AW England	Ordinary shares	100%	100%

### 15 Stock

	2018 £ 000	2017 £ 000
Finished goods and goods for resale	265	383

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying value.

The cost of stock recognised as an expense in the year amounted to £4,734,000 (2017 - £4,858,000). This is included within cost of sales.

The amount of write-down of stock recognised as an expense in the year is £Nil (2017 - £3,000). This is included within cost of sales.

The amount of write-down of stock reversed through expenses in the year is £14,000 (2017 - £Nil). This is included within cost of sales.

Stock is stated after provisions for impairment of £22,000 (2017 - £36,000).

### 16 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	1,363	1,429
Provision for impairment of trade debtors	-	(96)
Net trade debtors	1,363	1,333
Amounts receivable from group undertakings	7,340	7,345
Prepayments	58	83
Other debtors	2	-
Total current trade and other debtors	8,763	8,761

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 16 Debtors (continued)

Amounts receivable from group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The amount of write-back of trade debtors recognised as credit in the year was £18,000 (2017 - £96,000 charge). This is included in administrative expenses.

### 17 Trade and other payables

	2018 £ 000	2017 £ 000
Trade creditors	78	77
Accrued expenses	152	165
Amounts payable to group undertakings	70	40
Social security and other taxes	354	310
Other creditors	10	-
	<u>664</u>	<u>592</u>

Amounts payable to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 18 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £70,000 (2017 - £68,000).

#### Defined benefit pension schemes

##### Halfen Pension and Assurance Scheme

For certain employees the company operates a defined benefits plan, the Halfen Pension and Assurance Scheme. The benefits provided by the plan are final salary defined benefits with the contributions paid by the company on a balance of cost basis.

The assets of the plan are invested in managed funds with Legal & General Investment Management. The managed funds are diversified by fund and by investment strategy.

The plan closed to future accrual on 31 December 2009.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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### 18 Pension and other schemes (continued)

The scheme is run by the trustees of the scheme who ensure that the scheme is run in accordance with the trust deed and rules of the scheme and complies with legislation. The trustees are required by law to fund the scheme on prudent funding assumptions under the trust deed and rules of the scheme. The contributions payable by the company to fund the scheme are set by the trustees after consulting with the company.

Responsibility for the governance of the plan, including investment decisions and contribution schedules, lies jointly with the company and the trustees of the fund.

The trustees use the defined accrued benefit funding method. This method is suitable for funding a scheme that is closed to future accrual.

The company is contributing deficit reduction contributions of £319,000 per annum. The deficit contributions are expected to meet the deficit on the funding basis by 31 December 2024 based on an assumption of investment return of 5.3% per annum.

In addition, the company is paying £80,000 per annum to meet all of the costs of administering the scheme and any levies required by the Pension Protection Fund and the Pensions Regulator.

Contributions payable to the pension scheme at the end of the year are £Nil (2017 - £Nil).

The expected contributions to the plan for the next reporting period are £399,000.

The scheme was most recently valued on 1 January 2016. The next triennial valuation is due as at 1 January 2019.

### Risks

#### *Investment return risk*

If the assets under-perform the returns assumed in setting the funding target then additional contributions may be required at subsequent valuations.

#### *Investment matching risk*

The Scheme invests significantly in equity type assets, whereas the solvency target is closely related to the return on bonds. If equity type assets have fallen in value relative to the matching assets of bonds, additional contributions may be required.

#### *Longevity risk*

If future improvements in life expectancy exceed the assumptions made, then additional contributions may be required.

#### *Legislative risk*

The Government may introduce overriding legislation which leads to an increase in the value of Scheme benefits.

#### *Solvency risk*

As the funding target is not a solvency target, and the investment strategy does not follow that required for a solvency target, the assets of the Scheme may not be sufficient to provide all members with the full value of their benefits on a Scheme wind-up.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 18 Pension and other schemes (continued)

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the statement of financial position are as follows:

	2018 £ 000	2017 £ 000
Fair value of scheme assets	10,342	10,275
Present value of scheme liabilities	(11,369)	(12,012)
Defined benefit pension scheme deficit	(1,027)	(1,737)

#### *Scheme assets*

Changes in the fair value of scheme assets are as follows:

	2018 £ 000	2017 £ 000
Fair value at start of year	10,275	9,469
Return on scheme assets	264	260
Actuarial gain/(loss) on scheme assets	(370)	470
Employer contributions	399	314
Benefits paid	(150)	(175)
Administrative expenses paid	(76)	(63)
Fair value at end of year	10,342	10,275

#### *Analysis of assets*

The major categories of scheme assets are as follows:

	2018	2017
Equity instruments	18%	40%
Bonds	52%	49%
Investment funds	29%	10%
Cash	1%	1%
	100%	100%

#### *Actual return on scheme's assets*

	2018 £ 000	2017 £ 000
Actual return on scheme assets	(106)	730

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 18 Pension and other schemes (continued)

#### *Scheme liabilities*

Changes in the present value of scheme liabilities are as follows:

	2018 £ 000	2017 £ 000
Present value at start of year	12,012	11,920
Actuarial gains and losses arising from changes in demographic assumptions	(82)	(209)
Actuarial gains and losses arising from changes in financial assumptions	(808)	204
Actuarial gains and losses arising from experience adjustments	93	(48)
Interest cost	304	320
Benefits paid	(150)	(175)
Present value at end of year	<u>11,369</u>	<u>12,012</u>

#### *Principal actuarial assumptions*

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2018 %	2017 %
Discount rate	2.95	2.55
Future pension increases	3.60	3.60
RPI inflation assumption	3.15	3.10
CPI inflation assumption	2.15	2.10
Expected long-term rate of return on scheme assets	<u>2.95</u>	<u>2.55</u>

#### *Post retirement mortality assumptions*

	2018 Years	2017 Years
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	24.00	24.00
Future UK pensioners at retirement age - female	<u>26.00</u>	<u>26.00</u>

# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 18 Pension and other schemes (continued)

#### *Amounts recognised in the Profit and Loss Account*

	2018 £ 000	2017 £ 000
<b>Amounts recognised in operating profit</b>		
Administrative expenses paid	76	73
<b>Amounts recognised in finance income or costs</b>		
Net interest	40	60
Total recognised in the Profit and Loss Account	116	133

#### *Amounts taken to the Statement of Comprehensive Income*

	2018 £ 000	2017 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	(82)	(209)
Actuarial gains and losses arising from changes in financial assumptions	(808)	204
Actuarial gains and losses arising from experience adjustments	93	(48)
Actuarial loss/(gain) on plan assets	370	(470)
Amounts recognised in the Statement of Comprehensive Income	(427)	(523)

#### **Sensitivity analysis**

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

Assumption varied	Change in assumption	Defined benefit obligation £m
Obligations as at 31 December 2018		11.4
Discount rate	0.25% p.a. lower	11.9
Inflation increases	0.25% higher	11.7
Inflation linked pension increases	0.25% higher	11.5
Life expectancy	One year higher	11.8

The figures assume that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative.

The weighted average duration of the defined benefit obligation is 19 years.



# Halfen Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 19 Share capital

#### Authorised, allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>2,255</u>	<u>2,255</u>	<u>2,255</u>	<u>2,255</u>

All shares rank pari passu in all respects.

### 20 Reserves

#### Share capital

The balance classified as equity share capital includes the total net proceeds on issue of the company's equity shares.

#### Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

### 21 Obligations under leases

#### Operating leases

The total future value of minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Within one year	160	158
In two to five years	498	472
In over five years	-	64
	<u>658</u>	<u>694</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £172,000 (2017 - £177,000).

#### Sublease arrangements

The company has sub-let one of its properties to a third party under a licence to occupy, which is subject to a one month cancellation period. The rental charge is £31,000 per annum plus service charges. For the current year total income from cancellable rental arrangements amounted to £39,000 (2017 - £39,000). Total future minimum sublease income under non-cancellable operating leases expected to be received is £Nil (2017 - £Nil). The amount of income recognised in the year from non-cancellable operating subleases was £Nil (2017 - £Nil).

## Halfen Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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#### **22 Contingent liabilities**

A claim was lodged against the company in prior years of circa £200,000. A corresponding liability was derecognised in the prior year as the directors consider it less likely than not that a payment will be made. No further detail of this matter has been disclosed as it is would serve to prejudice seriously the position of the company.

#### **23 Related party transactions**

The company has taken advantage of the exemption under 8(k) of FRS 101 not to disclose transactions with fellow group wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties are as follows:

The company is party to a cross-guarantee in respect of bank facilities that are available to fellow subsidiaries of the parent undertaking, CRH plc.

#### **24 Parent of group in whose consolidated financial statements the company is consolidated**

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is CRH plc.

These financial statements are available upon request from CRH plc, Belgard Castle, Clondalkin, Dublin 22, Ireland. CRH plc is the only group preparing financial statements which include Halfen Limited.

#### **25 Parent and ultimate parent undertaking**

The company's immediate parent is Halfeneisen GmbH, a company incorporated in Germany.

The ultimate parent and controlling party is CRH plc, a company incorporated in Ireland.