

Registered number 02153217

CRH Finance (U.K.) plc

Annual Report and Financial Statements

for the year ended 31 December 2017

CRH Finance (U.K.) plc

Company information

Directors	AJW Donnan T Healy MJ Choules (appointed 1 February 2017) KE Smart (appointed 1 February 2017)
Company Secretary	Tarmac Secretaries (UK) Limited
Registered number	02153217
Registered office	Portland House Bickenhill Lane Birmingham England B37 7BQ
Auditor	Ernst & Young LLP Bedford House 16 Bedford Street Belfast Northern Ireland BT2 7DT
Banker	Citibank Canada Square Canary Wharf London E14 5LB

CRH Finance (U.K.) plc

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CRH Finance (U.K.) plc

Strategic report

for the year ended 31 December 2017

Introduction

The Directors of CRH Finance (U.K.) plc (the “Company”) present their Strategic Report for the year ended 31 December 2017.

Business review

The Company's principal activity consists of borrowing monies and lending monies to group companies. The results for the year ended 31 December 2017 show a profit after tax of £76,351 (2016: £Nil). Net assets amount to £179,994 at 31 December 2017 (2016: £103,643).

The Directors do not anticipate any major change in the nature of the Company's business in the foreseeable future.

Principal risks and uncertainties

The principal risks are set out below.

The financial performance of the Company is affected by borrower credit quality and general conditions. Adverse changes to these factors may also arise from the systematic risks in the financial system, could affect the recoverability and value of the Company's asset and require a provision for bad and doubtful debt and other provisions.

Financial risk management objectives and policies

The Company uses financial instruments throughout its business: interest bearing loans and borrowing, cash and cash equivalents are used to finance the Company operations, intercompany receivables arise directly from operations.

The main risks attached to the Company - financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for the prudent management of each of these risks as documented below.

Interest rate risk

The Company's exposure to interest rate risks stems predominantly from the issuance of long term debt obligations and lending to other group undertakings. Interest rate risk is managed centrally by CRH plc group treasury through the use of a mix of fixed and floating rate debt for CRH Group. As at the reporting period, the Company's long-term debt obligations and amounts owed by other group undertaking both carry fixed interest rate.

Credit risk

Debtor balances give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating and by regular review of this rating. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the financial assets as reported in the balance sheet.

Liquidity risk

The Company is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations. The Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows from other group companies or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To achieve this objective, the Company borrows the bulk of its debt needs under committed bank lines or other term financing and has surplus committed lines of credit.

CRH Finance (U.K.) plc

Strategic report (continued)

Going concern

The Company's business activities, together with the principal risks and uncertainties likely to affect its future performance, are described above. The Company is financed by medium term sterling bonds. The Company's forecast and projections, taking into account possible changes in performance, show the Company is reliant on adequate financial resources being made available to enable the Company to continue for the foreseeable future.

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.

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 was in a net interest receivable position in 2017 (2016: paid). The Company regards ratios based on interest margin as more meaningful measures of financial capacity than the ratio of debt to total equity as they match the earnings and cash generated by the business to the underlying funding costs.

	2017	2016
	%	%
Net interest margin	0.99	(0.30)

This report was approved by the board on 27 April 2018 and signed on its behalf.



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Andrew Donnan
Director