Registered number 02153217

CRH Finance (U.K.) plc

Annual Report and Financial Statements

for the year ended 31 December 2017

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

Contents

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.

A Donnan

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Andrew Donnan
Director

CRH Finance (U.K.) plc

Directors' report

for the year ended 31 December 2017

The Directors of CRH Finance (U.K.) plc (the "Company") present their report and accounts for the year ended 31 December 2017. The accounts have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Policies), including Financial Reporting Standards 101 'Reduced Disclosure Framework'.

Results and dividends

The result for the year, after taxation, amounted to £76,351 (2016: £nil). No dividends were paid out during 2017 (2016: £nil).

Directors

The Directors who served during the year and to the date of this report are listed in the Company information section of this report.

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

The Directors of the Company are covered by the CRH group Directors and Officers Liability insurance. The insurance provides indemnity in respect of claims made against the Directors and Officers and/or employees of CRH for any actual alleged error, misstatement, omission, wrongful act, breach of duty or misleading statement for which cover applies.

Future developments

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

Financial instruments

The main risks associated with the Company's financial assets and liabilities are described in the Strategic Report.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Political donations

The Company made no donations to political parties during the year ended 31 December 2017 (2016: £nil).

Disclosure of information to 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 auditors in connection with preparing their report and of which the auditors are unaware. Having made enquiries of fellow Directors and the Company auditors, each Director have taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

CRH Finance (U.K.) plc
Directors' report (continued)

Auditors
The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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

A Donnan
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Andrew Donnan
Director

CRH Finance (U.K.) plc

Directors' responsibilities statement

for the year ended 31 December 2017

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 (United Kingdom Generally Accepted Accounting Practice and applicable law). Under Company law the Directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- 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 CRH Finance (U.K.) plc

Opinion

We have audited the financial statements of CRH Finance (U.K.) plc for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16 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 company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 as applied to listed public interest entities, 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.

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.

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.

Independent auditor's report to the members of CRH Finance (U.K.) plc (continued)

Overview of our audit approach

Key audit matter	• Recoverability of intercompany receivables
Materiality	• Overall materiality of £82,500 which represents 0.5% of interest on the bond of £16.5m.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board of Directors
Recoverability of intercompany debtor (£404,337,897, PY comparative £404,343,044) *Refer to the Accounting policies (page 15); and Note 8 of the Financial Statements (page 20)* The company raised £400 million through the issuance of sterling bonds with a fourteen year term which pay a fixed interest rate of 4.125% payable annually in arrears. These bonds are listed on the Irish Stock Exchange. The funds generated from this loan note have been lent to other companies within the CRH Group to fund operations. The ability of the company to repay the bond as well as interest when it falls due depends on the recoverability of the intercompany debtor. As such the recoverability of the intercompany debtor is considered to be a Key Audit Matter. The Company's policy to ensure credit worthiness of the debtor is to review annually the ability of the counterparty to repay the obligation. When the counterparty does not have the ability to repay the entire debt a provision for impairment is recognised. Management has concluded that the intercompany balance is recoverable based on the underlying financial performance and position of the relevant entities	In order establish the recoverability of the intercompany debtor, we: • Assessed the credit worthiness of the counter-party by obtaining their audited financial statements and comparing the intercompany debtor balance as against the net assets of the counter-party. • Obtained letter of support from the ultimate parent company of the counterparty in the case that the counterparty's net assets is lower than the Company's intercompany debtor account balance. • Obtained the financial statements of the ultimate parent company to establish that it has sufficient resources to support the obligations of the counterparty. • We have audited the disclosures in respect of the investments in the financial statements.	Based on the procedures we performed, we are satisfied that the intercompany debtor is recoverable and no impairment of the debtor is necessary. We have also concluded that the disclosures in respect of the investments in the financial statements are appropriate.

Independent auditor's report to the members of CRH Finance (U.K.) plc (continued)

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no changes in scope from the prior year audit.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £82,500 (2016: £82,500), which is 0.5% (2016: 0.5%) of interest on the bond of £16.5m. We believe that interest paid provides us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity.

During the course of our audit, and at completion, we reconfirmed that the initial calculation of materiality was appropriate.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2016: 75%) of our planning materiality, namely £61,875 (2016: £61,875). We have set performance materiality at this percentage to ensure that total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We report all uncorrected audit differences in excess of £4,125 (2016: £4,125), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent auditor's report to the members of CRH Finance (U.K.) plc (continued)

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 the 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' reports 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 or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement 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.

Independent auditor's report to the members of CRH Finance (U.K.) plc (continued)

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.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is Companies Act 2006.
- We understood how CRH Finance (U.K.) plc is complying with those frameworks by: making enquiries of senior management and those charged with governance; obtaining an understanding of entity-level controls and considering the influence of the control environment; obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls; and reviewing correspondence with relevant regulatory authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by: discussing within the audit team; performing client acceptance/continuance procedures; reviewing financial information; identifying related parties, including circumstances related to the existence of a related party with dominant influence; obtaining an understanding of entity-level controls and considering the influence of the control environment; and considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, and whether such policies are formalized in a code of conduct; enquiring about the entity's methods of enforcing and monitoring compliance with such policies, if any; and inspecting correspondence, if any, with the relevant authorities.

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

Other matters we are required to address

- We were appointed by the company in 1987 to audit the financial statements for the year ending 31 December 1987 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 31 years, covering the years ending 31 December 1987 to 31 December 2017.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 27th of April 2018

CRH Finance (U.K.) plc

Profit and loss account

for the year ended 31 December 2017

	Note	**2017** **£**	2016 £
Interest receivable	5	**20,615,560**	15,315,702
Interest payable and similar charges	5	**(16,887,727)**	(16,708,945)
Net interest income/(charge)		**3,727,833**	(1,393,243)
Administrative expenses	6	**(3,654,175)**	(3,649,388)
Other income	7	**-**	4,034,105
Profit/(loss) before taxation		**73,658**	(1,008,526)
Tax on profit/(loss)	7	**2,693**	1,008,526
Profit for the year after taxation		**76,351**	-

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 December 2017

There was no other comprehensive income during the years ended 31 December 2017 and 31 December 2016.

CRH Finance (U.K.) plc

Balance sheet

as at 31 December 2017

	Note	2017 £	2016 £
Current assets			
Debtors	8	**403,337,897**	404,343,044
		403,337,897	404,343,044
Current liabilities			
Creditors: amounts falling due within one year	9	**(2,679,282)**	(2,909,317)
Overdraft	11	**(3,979,580)**	(5,053,802)
		(6,658,862)	(7,963,119)
Net current assets		**396,679,035**	396,379,925
Non-current liabilities			
Creditors: amounts falling due after one year	10	**(396,499,041)**	(396,276,282)
Net assets		**179,994**	103,643
Capital and reserves			
Called-up share capital	13	**50,000**	50,000
Profit and loss account	14	**129,994**	53,643
Shareholders' funds		**179,994**	103,643

The financial statements of CRH Finance (U.K.) plc, registered number 02153217, were approved and authorised for issue by the board and were signed on 27 April 2018 on its behalf by:

A Donnan

Andrew Donnan
Director

The notes on pages 15 to 22 form part of these financial statements.

CRH Finance (U.K.) plc

Statement of changes in equity

for the year ended 31 December 2017

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2016	**50,000**	**53,643**	**103,643**
Profit for the year	-	-	-
At 1 January 2017	**50,000**	**53,643**	**103,643**
Profit for the year	-	76,351	**76,351**
At 31 December 2017	**50,000**	**129,994**	**179,994**

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of CRH Finance (U.K.) plc (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 27 April 2018 and the balance sheet was signed on the board's behalf by Andrew Donnan. CRH Finance (U.K.) plc is incorporated and domiciled in England and Wales and operating under the Companies Act 2006. CRH Finance (U.K.) plc is a company limited by shares, whose registered office is Portland House, Bickenhill Lane, Birmingham, England, B37 7BQ.

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling, which is the Company's functional currency, and all values are rounded to the nearest pound (£).

The results of CRH Finance (U.K.) plc are included in the consolidated financial statements of CRH plc which are available from the Company Secretary, 42 Fitzwilliam Square, Dublin, D02 R279, Ireland.

The significant accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation of financial statements and going concern

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements have been prepared on the going concern basis as the parent undertaking has guaranteed that it will meet the liabilities of the Company as and when they fall due.

The principal accounting policies adopted are set out below.

Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirement of IFRS 7 Financial Instruments;

b) the requirements of paragraph 91 - 99 of IFRS 13 Fair Value Measurement;

c) the requirements of IAS 7 Statement of Cash Flows;

d) the requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and

f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is a wholly owned by such a member.

Where relevant, equivalent disclosures have been given in the group accounts of CRH plc.

2. Accounting policies (continued)

Key accounting policies which involve estimates, assumptions and judgements
The preparation of financial statements in conformity with FRS 101, requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates, assumptions and judgements upon which it relies are reasonable based on the information available to it at the time that those estimates, assumptions and judgements are made. In some cases, the accounting treatment of a particular transaction is specifically dictated by IFRS and does not require management's judgement in its application.

Management consider that their use of estimates, assumptions and judgements in the application of the accounting policies are inter-related and therefore discuss them together below. The critical accounting policies which involve significant estimates, assumptions or judgements, the actual outcome of which could have a material impact on the Company's results and financial position outlined below, are as follows:

Financial assets
The Company's financial assets are classified as 'loans and receivables'. Loans receivable are measured initially at fair value plus transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments. Bank overdrafts are presented separately in the Balance Sheet.

Financial liabilities
Financial liabilities are obligations to pay for amounts related to debt securities issued as well as goods and services that have been acquired in the ordinary course of business from suppliers and service providers. Financial liabilities are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Interest Income
Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

2. Accounting policies (continued)

Translation of foreign currencies
The Company's functional and presentation currency is the pound sterling denominated by the symbol "£". Foreign currency transactions are translated into the functional currency using the spot rates at the date of transaction. At the end of each financial year foreign currency monetary items are translated to pound sterling at the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Non monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Taxation – current and deferred
Current tax represents the expected tax payable (or recoverable) on the taxable profit for the year using tax rates enacted for the period. Any interest or penalties arising are included within current tax. Where items are accounted for outside of profit or loss, the related income tax is recognised either in other comprehensive income or directly in equity as appropriate.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are not subject to discounting. Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised. The carrying amounts of deferred tax assets are subject to review at each balance sheet date and are reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

The determination of the Company's provision for income tax requires certain judgements and estimates in relation to matters where the ultimate tax outcome may not be certain. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. In addition, the Company is subject to tax audits which can involve complex issues that could require extended periods for resolution. Although management believes that the estimates included in the Financial Statements and its tax return positions are reasonable, no assurance can be given that the final outcome of these matters will not be different than that which is reflected in the Company's historical income tax provisions and accruals. Any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made.

The Company participates in a tax group, where tax losses are shared and utilised for the benefit of the group and in compliance with the applicable tax legislation. Participant companies are compensated for sharing their tax losses with other fellow companies.

Capital Management
The CRH plc group corporate treasury function provides services to its business units, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the CRH Group. A number of these services are provided through CRH Finance (U.K.) plc.

2. Accounting policies (continued)

Capital Management (continued)

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital with a focus on net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

Financial instruments

The Company uses financial instruments throughout its businesses: interest-bearing loans and borrowings and cash and cash equivalents used to finance the Company's operations; intercompany receivables and payables arise directly from the business operations. The Company does not trade in financial instruments nor does it enter into any leveraged derivative transactions.
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. Financial assets are classified at initial recognition as cash and cash equivalents or as intercompany receivables. Financial liabilities are classified at initial recognition as overdrafts, loans and borrowings or as intercompany payables. All financial assets and liabilities are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset or liability.

Subsequent Measurement

Cash and cash equivalents and overdrafts are short term assets and liabilities and are recorded at book value. Subsequent to initial recognition, current and non-current interest-bearing loans and borrowings are, in general, measured at amortised cost employing the effective interest methodology. The computation of amortised cost includes any issue costs and any discount or premium materialising on settlement.

3. 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 2017 and the year ended 31 December 2016.

4. Employees

The Company had no employees during the year (2016: none).

CRH Finance (U.K.) plc

Notes to the financial statements (continued)

5. Interest

	2017	2016
	£	£
Interest receivable		
Bank interest receivable	-	122,317
Interest receivable from group undertakings:	**20,615,560**	15,193,385
	20,615,560	15,315,702
Interest payable & similar charges		
Bank interest payable	**(164,968)**	-
Interest payable on bonds	**(16,500,000)**	(16,500,000)
Amortisation of capitalised bond fees	**(222,759)**	(208,945)
	(16,887,727)	(16,708,945)

6. Operating loss

Auditor's remuneration costs are borne by CRH (UK) Limited, the immediate parent company. Non-audit services have not been provided during the current and prior year. Administration expense during the year relates to bond guarantee fees paid to the parent.

7. Taxation

The tax credit is made up as follows:

	2017	2016
	£	£
Current tax:		
Current tax on profits for the year	**14,177**	(1,008,526)
Adjustment in respect of prior years	**(16,870)**	-
Tax on profit/loss	**(2,693)**	(1,008,526)

Factors affecting the current tax credit

The tax assessed on the loss for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are reconciled below:

	2017	2016
	£	£
Profit/(loss) before taxation	**73,658**	(1,008,526)
Group relief shown as other income	-	(4,034,105)
	73,658	(5,042,631)
Standard rate of corporation tax in the UK	**19.25%**	20.00%
Subtotal above multiplied by the standard rate of corporation tax (current tax)	**14,177**	(1,008,526)
Adjustment in respect of prior years	**(16,870)**	-
Group relief received at higher rate of tax (shown as Other Income)	-	(4,034,105)
	(2,693)	(5,042,631)

7. Taxation (continued)

Factors that may affect future tax charges

On 26 October 2015, Finance No.2 Bill 2015 enacted reductions in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The latter reduction was subsequently reduced further from 18% to 17% upon enactment of the Finance Bill 2016 on 15 September 2016.

Deferred taxation

The Directors believe there are no significant factors affecting future tax charges.

8. Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Amounts due from group undertakings	**709,447**	112,962
Group relief	**5,028,450**	6,630,082
	5,737,897	6,743,044
Amounts falling due after one year:		
Amounts due from group undertakings	**397,600,000**	397,600,000
	403,337,897	404,343,044

In April 2016 the Company lent to CRH Limited, a fellow group undertaking, £397,600,000 repayable in full on 2 December 2029. The loan accrues interest at 5.185% per annum, payable in arrears in December each year.

9. Creditors – Amounts falling due within one year

	2017	2016
	£	£
Accruals and deferred income	**(166,895)**	(158,200)
Amounts due to group undertakings	**(1,201,428)**	(1,440,158)
Accrued interest	**(1,310,959)**	(1,310,959)
	(2,679,282)	(2,909,317)

10. Creditors – Amounts falling due after more than one year

	2017	2016
	£	£
Medium Term loan repayable (note 12)	**(396,499,041)**	(396,276,282)

On 2 December 2015 the Company raised £400 million through the issuance of sterling bonds with a fourteen year term under the issuers Euro Medium Term note programme established in 2007 guaranteed by CRH plc. The notes pay a fixed interest rate of 4.125% payable annually in arrears. The use of the funds is for general corporate business purposes.

11. Bank overdrafts

	2017	2016
	£	£
Bank overdrafts	**(3,979,580)**	(5,053,802)

Bank overdrafts are secured by guarantees from the ultimate parent company. The amounts drawn under the facility are repayable on demand.

12. Loans and borrowings

On 2 December 2015 the Company raised £400 million through the issuance of sterling bonds with a fourteen year term under the Euro Medium Term note programme established in 2007 guaranteed by CRH plc. The notes pay a fixed interest rate of 4.125% payable annually in arrears. The use of the funds is for general corporate business purposes.

The Company along with other group companies has available a total of €3,550,000,000 committed facilities with a group of financial institutions (2016: €2,837,200,000). The maturity profile of the available and undrawn committed facilities in Sterling at the Balance sheet dates was:

	2017	2016
	£	£
Undrawn committed facilities		
Within one year	-	-
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	-	78,085,440
Between four and five years	**3,149,560,000**	2,351,125,200
After five years	-	-
Total	**3,149,560,000**	2,429,210,640
Conversion rate – €/£	0.8562	0.7340

The Company is also a named borrower to an undrawn uncommitted facility of €100,000,000.

13. Called up share capital

	2017	2016
	£	£
Called up, allotted and fully paid		
50,000 ordinary shares of £1 each	**50,000**	50,000

14. Reserves

The profit and loss reserve represents the net cumulative retained earnings.

15. Related party transactions

Under Financial Reporting Standard 101, the Company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of CRH plc and its results are included in the consolidated financial statements of CRH plc.

16. Parent undertakings and controlling parties

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. The ultimate controlling party is CRH plc. Copies of the group financial statements may be obtained from the registered office of CRH plc, 42 Fitzwilliam Square, Dublin D02 R279, Ireland.