

COMPANY NUMBER: 837688

RMC PROPERTIES LIMITED

REPORT AND ACCOUNTS

31st December 2002



RMC PROPERTIES LIMITED

DIRECTORS' REPORT

31st December 2002

The directors present their report and the financial statements for the year ended 31st December 2002.

Principal activity and future developments

The principal activity of the company throughout the year continued to be the development for sale of land and buildings owned by RMC Group companies, the investment in properties associated with the group's activities and the provision of advisory services relating to the group.

The directors do not envisage any major change in the principal activity of the business over the foreseeable future.

The directors consider the company's financial position at the end of the year to have been satisfactory.

Dividend

The directors do not recommend the payment of a dividend (2001: £531,345).

Interests in land

In the opinion of the directors, the current open market value of the company's interests exceeds the amount at which the assets are included in the balance sheet at 31st December 2002 of £39,492 (2001: £712,036) by approximately £Nil (2001: £70,000). In the event of a disposal at the amount of the valuation, a taxation liability may arise.

Directors

The directors who served during and since the end of the year are as shown below:

M G Foster
J A Robinson

M G Foster, a director of the company, is a director of the ultimate parent company, RMC Group p.l.c., and his interests are disclosed in that company's accounts.

The other director, and his interests in RMC Group p.l.c. are:

	Fully Paid Shares			Options to Purchase Shares			Long Term Incentive Plan				
	31 Dec	31 Dec	31 Dec	Granted	Exercised	Lapsed	31 Dec	31 Dec	Award	Lapsed	31 Dec
	2002	2001 or Date of Appointment	2002	During Year	During Year	During Year	2001 or Date of Appointment	2002	During Year	During Year	2001 or Date of Appointment
J A Robinson	25,247	25,129	41,118	17,500	Nil	Nil	23,618	14,000	Nil	6,200	20,200

None of the directors had any material interests in any contract or arrangement subsisting during the year with the company or any other body corporate in the group other than those interests noted above.

Disabled persons

Employment opportunities are available to disabled persons in accordance with their abilities and aptitudes, on equal terms with other employees. Should employees become disabled during the course of their employment, every effort is made to enable them to continue employment, with re-training for alternative work where necessary. The same opportunities for training, personal development and career advancement are available to disabled persons as for other employees.

RMC PROPERTIES LIMITED**DIRECTORS' REPORT****31st December 2002****Employee involvement**

The company's policy is to provide equal opportunities to all existing employees. The company has an established system of communication with employees through line management. Employees regularly receive information about the financial progress and position of the RMC Group by means of a house journal and reports to the employees on the Group's financial results and on pension funds.

All eligible employees are invited to participate in the RMC Group p.l.c. Saving Related Share Option Scheme 1995 which provides an opportunity to purchase shares in RMC Group p.l.c. (the ultimate parent company) under the rules of the scheme.

Payment policy

The company has a policy to settle the terms of payment with its suppliers when agreeing the terms of each transaction, ensures that those suppliers are made aware of the terms of payment, and abides by the terms of payment.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

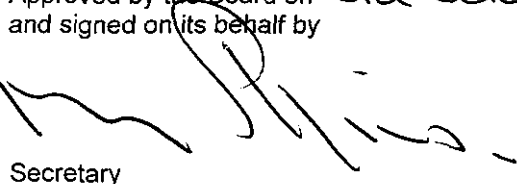
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statutory dispensation

The company has in force, under section 379A of the Companies Act 1985 an election dispensing with the laying of accounts and reports before the company in General Meeting, the holding of an Annual General Meeting and the obligation to appoint auditors annually.

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 27 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

Approved by the Board on 3rd October 2003.
and signed on its behalf by



Secretary

RMC PROPERTIES LIMITED**Independent auditors' report to the members of RMC Properties Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

3 October 2003

RMC PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
for year ended 31st December 2002

	Note	2002 £	2001 £
Turnover	2	1,367,403	2,570,681
Cost of sales		(1,610,613)	(1,468,961)
		<u>(243,210)</u>	<u>1,101,720</u>
Administrative expenses		(67,450)	(68,092)
Operating (loss)/profit	3	<u>(310,660)</u>	<u>1,033,628</u>
Other interest receivable and similar income	5	27,693	5,116
(Loss)/profit on ordinary activities before taxation		<u>(282,967)</u>	<u>1,038,744</u>
Taxation	6	87,000	(499,338)
(Loss)/profit for the year attributable to shareholders		<u>(195,967)</u>	<u>539,406</u>
Movement on profit and loss account			
Retained (loss) at 1st January		-	(8,061)
(Loss)/profit for the year attributable to shareholders		(195,967)	539,406
		<u>(195,967)</u>	<u>531,345</u>
Less: Dividends payable		-	(531,345)
Retained (loss) at 31st December		<u>(195,967)</u>	<u>-</u>

All the operations in 2001 and 2002 were continuing operations and there were no acquisitions in either year.

In 2002 and 2001 the company had no recognised gains or losses other than the profit/loss for the financial year, and therefore no statement of total recognised gains and losses has been presented.

There is no difference between the profit/loss on ordinary activities before taxation for the year and the retained loss stated above, and their historical cost equivalents.

The notes on pages 6 to 12 form part of these accounts.

The report of the auditors is set out on page 3.

RMC PROPERTIES LIMITED

BALANCE SHEET

at 31st December 2002

	Note	£	2002	£	£	2001	£
Fixed assets							
Tangible assets	7			-			4,051
Current assets							
Stock	8	4,810,531			4,156,830		
Debtors	9	3,527,954			2,325,605		
Cash at bank and in hand		220			460		
		<u>8,338,705</u>			<u>6,482,895</u>		
Creditors: amounts falling due within one year							
Dividend		-			531,345		
Creditors	10	931,237			1,008,490		
Loan from RMC Group p.l.c.	11	7,603,335			4,947,011		
		<u>8,534,572</u>			<u>6,486,846</u>		
Net current (liabilities)				(195,867)			(3,951)
Net (liabilities)/assets				<u>(195,867)</u>			<u>100</u>
Capital and reserves							
Called up share capital	13			100			100
Profit and loss account	14			(195,967)			-
Shareholders' equity funds				<u>(195,867)</u>			<u>100</u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 3rd October 2003 and signed on its behalf by:



J.A. Robinson - Director

The notes on pages 6 to 12 form part of these accounts.

The report of the auditors is set out on page 3.

RMC PROPERTIES LIMITED**NOTES TO THE ACCOUNTS****31st December 2002****1. Principal accounting policies**

The accounts are prepared in accordance with the Companies Act 1985 and applicable accounting standards, on a going concern basis. The company has adopted FRS19 'Deferred tax' in the year.

A summary of the more significant accounting policies which have been applied consistently throughout the year, is shown below.

Basis of accounting - accounting convention

The accounts have been prepared using the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis as RMC Group p.l.c. has agreed to provide continued financial support to the company for at least twelve months from the date of the approval of these accounts.

Depreciation

Depreciation is calculated to write off the cost or valuation of tangible fixed assets over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business is reassessed periodically in the light of experience.

Straight line annual rate of depreciation most widely used is:

Plant, machinery & equipment 10%

Disposals of properties

Disposals of properties arise from the ordinary activities of the company and profits and losses thereon are included in the operating profit for the financial year. Disposals of properties are included when contracts have been exchanged before the end of the financial year and when completion is due to take place within six months of that date.

Pensions

The company's pension obligations are financed by payments to group funded defined benefit schemes, details of which are disclosed in the accounts of RMC Group p.l.c. These funds are valued triennially and the funding payments are assessed in accordance with the advice of an independent professionally qualified actuary. The annual cost of these pension arrangements is charged in arriving at the operating profit for the year. Adjustment is made by RMC Group p.l.c. on a group basis so as to provide pension costs over the period of service of members of the scheme.

Operating leases

Costs incurred in respect of operating leases are charged in arriving at operating profit for the year.

RMC PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

31st December 2002

1. Principal accounting policies (continued)

Deferred Taxation

The company has adopted FRS19 'Deferred tax' in the year, whereby provision for deferred tax is made on all timing differences that have originated, but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when it is regarded as more likely than not that there will be sufficient future taxable profits. Deferred tax is not discounted.

There was no effect on prior year results from this change in policy.

Stock

Stock and work in progress are stated at the lower of cost and net realisable value. Stock comprises land assets. Work in progress comprises site development costs where there is a reasonable expectation of their recovery upon sale.

Debtors

All known bad debts in respect of trade debtors are written off or fully provided.

2. Turnover

	2002 £	2001 £
Sales to customers outside the group	1,063,604	2,261,248
Sales to fellow subsidiary undertakings	303,799	309,433
	<u>1,367,403</u>	<u>2,570,681</u>

The above turnover principally comprises rents, property sales and professional services at invoiced value, excluding value added tax.

3. Operating profit

	2002 £	2001 £
The operating loss/(profit) is stated after management charges and after charging:		
Depreciation of tangible assets	2,102	3,484
Other operating lease rentals	<u>9,012</u>	<u>12,269</u>
Auditors' remuneration	<u>-</u>	<u>2,450</u>

In 2002, the auditors' remuneration has been borne by another Group company.

RMC PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

31st December 2002

4. Employee costs	2002	2001
	£	£
Staff costs during the year		
Wages and salaries	230,147	209,941
Social security costs	20,303	16,266
Other pension costs	18,192	15,578
	<u>268,642</u>	<u>241,785</u>
Average number of persons employed by the company during the year	<u>6</u>	<u>7</u>
Directors' emoluments		
No remuneration was provided for any director during 2002 or 2001 for their services to the company.		
5. Interest receivable and similar income	2002	2001
	£	£
Bank interest	27,693	5,116
	<u></u>	<u></u>
6. Taxation	2002	2001
Analysis of taxation charge	£	£
Current taxation:		
United Kingdom corporation tax at the rate of 30% (2001: 30%)		
on the profits on ordinary activities for the year	-	-
(Over) provisions in prior years	-	(62,641)
(Receipt)/payment for group relief - current year	(85,000)	311,979
- prior year	-	250,000
	<u>(85,000)</u>	<u>499,338</u>
Deferred taxation:		
Adjustments in respect of previous periods	(2,000)	-
	<u>(2,000)</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>(87,000)</u>	<u>499,338</u>

RMC PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

31st December 2002

6. Taxation (continued)	2002 £	2001 £
Reconciliation of current tax charge		
The corporation tax for the period is less than the standard rate of 30%. The reasons for the difference are explained below:		
(Loss)/profit on ordinary activities before tax	(282,967)	1,038,744
	<hr/>	<hr/>
Corporation tax at 30%	(84,890)	311,623
Adjustment for effect of:		
Prior year adjustments	-	187,359
Other	(110)	356
	<hr/>	<hr/>
Current tax charge for the period	(85,000)	499,338
	<hr/>	<hr/>

There are no known specific factors that will impact the deferred tax charge in future years.

7. Tangible assets	Plant, machinery & equipment £
Cost	
At 1st January 2002	21,918
Transferred to group undertaking	(21,918)
	<hr/>
At 31st December 2002	-
	<hr/>
Depreciation	
At 1st January 2002	17,867
Charged to profit and loss account	2,102
Transferred to group undertaking	(19,969)
	<hr/>
At 31st December 2002	-
	<hr/>
Net book value:	
At 31st December 2002	-
	<hr/>
Net book value	
At 31st December 2001	4,051
	<hr/>

Plant, machinery and equipment includes fixtures, fittings and tools.

8. Stock	2002 £	2001 £
Land and buildings	39,492	712,036
Work in progress	4,771,039	3,444,794
	<hr/>	<hr/>
	4,810,531	4,156,830
	<hr/>	<hr/>

RMC PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

31st December 2002

9.	Debtors	2002 £	2001 £
	Amounts falling due within one year		
	Trade debtors	56,668	2,193,251
	Amounts owed by fellow subsidiary undertakings	3,459,518	51,198
	Other debtors	-	72,225
	Prepayments and accrued income	9,768	8,619
	Deferred tax asset	2,000	-
	Other taxation and social security	-	312
		<u>3,527,954</u>	<u>2,325,605</u>
10.	Creditors: amounts falling due within one year	2002 £	2001 £
	Trade creditors	363,105	-
	Amounts owed to fellow subsidiary undertakings	-	45,246
	Other creditors	135,394	356,662
	Accruals and deferred income	432,738	606,582
		<u>931,237</u>	<u>1,008,490</u>
11.	Loan from RMC Group p.l.c.	2002 £	2001 £
	The loan is unsecured, free of interest, and has no fixed date of repayment.	<u>7,603,335</u>	<u>4,947,011</u>
12.	Deferred taxation		
	Deferred taxation has been recognised/provided at the rate of 30% (2001 - 30%) on the following timing differences:		
		2002 £	2001 £
	Accelerated capital allowances and expense provisions	2,000	-
	At 31st December 2002	<u>2,000</u>	<u>-</u>
	Movement in the year		
	Deferred tax asset at 1st January	-	-
	Credit to profit and loss account for the period	2,000	-
	Deferred tax asset at 31st December	<u>2,000</u>	<u>-</u>

RMC PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

31st December 2002

13. Called up share capital	2002	2001
	£	£
Authorised share capital allotted, called up and fully paid 100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
14. Reconciliation of movements in shareholders' funds	2002	2001
	£	£
(Loss)/profit attributable to shareholders	(195,967)	539,406
Dividend	-	(531,345)
	<hr/>	<hr/>
Shareholders' funds at 1st January	(195,967) 100	8,061 (7,961)
Shareholders' funds at 31st December	<hr/> (195,867) <hr/>	<hr/> 100 <hr/>
15. Contingent liabilities		
The company has entered into a joint and several guarantee with certain group companies guaranteeing a bank overdraft facility of £100,000,000 for RMC Group p.l.c.		
The company is registered with HM Customs & Excise as a member of the RMC Group for value added tax purposes and is, therefore, jointly and severally liable on a continuing basis for amounts owing by other members of the group in respect of their value added tax liabilities.		
16. Obligations and commitments under leases	2002	2001
	£	£
Operating leases		
At 31st December the company had annual commitments under non-cancellable operating leases expiring as follows:		
- within one year	1,695	2,691
- within two to five years	4,725	3,991
- after five years	-	-
	<hr/> 6,420 <hr/>	<hr/> 6,682 <hr/>

There are no obligations in respect of land & buildings.

RMC PROPERTIES LIMITED**NOTES TO THE ACCOUNTS****31st December 2002****17. Pension commitments**

The company participates in a defined benefit pension scheme operated by RMC Group p.l.c. for its UK employees, with assets held in a separately administered fund. However, the contributions paid by the company are accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. The cost of contributions of the group scheme amounted to £18,192 (2001: £15,578), being 4.5% (2001: 4%) of pensionable salary, and is based on the pension costs across the group as a whole. An actuarial valuation of the scheme was undertaken on 31st March 2001 and an actuarial surplus of £52,000,000 was identified. It has been agreed with the Trustees that contributions to the scheme will remain payable at a reduced level until at least the next valuation is due as at 31st March 2002.

18. Cash flow statement

As the company is a wholly owned subsidiary undertaking of RMC Group p.l.c., its controlling and ultimate controlling party which publishes consolidated financial statements including this company, it is exempt under FRS 1 (revised) from preparing a cash flow statement.

19. Related parties

As the company is a wholly owned subsidiary undertaking of RMC Group p.l.c., its controlling and ultimate controlling party which publishes consolidated financial statements including this company, it is exempt under FRS 8 from disclosing transactions with entities that are part of the RMC Group or investees of the RMC Group qualifying as related parties.

20. Ultimate parent company

The company's ultimate parent company is RMC Group p.l.c. which is registered in Great Britain.

The RMC Group is the largest group of undertakings for which group accounts are drawn up and of which this company is a member. The group accounts of RMC Group p.l.c. can be obtained from its registered office at RMC House, Coldharbour Lane, Thorpe, Egham, Surrey TW20 8TD.