

COMPANY NUMBER: 837688

RMC PROPERTIES LIMITED

REPORT AND ACCOUNTS

31st December 2001



# RMC PROPERTIES LIMITED

## DIRECTORS' REPORT

31st December 2001

The directors present their report and the financial statements for the year ended 31st December 2001.

### Principal activity and business review

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 are satisfied with the results for the year and do not envisage any major change in the conduct of the business over the next twelve months.

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

### Dividend

The directors recommend the payment of a dividend of £531,345 (2000: £Nil) to the shareholders on the register as at 31st December 2001.

### 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 2001 of £712,036 (2000: £837,021) by approximately £70,000 (2000: £460,000). 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 2001	31 Dec 2000 or Date of Appointment	31 Dec 2001	Granted During Year	Exercised During Year	Lapsed During Year	31 Dec 2000 or Date of Appointment	31 Dec 2001	Award During Year	Lapsed During Year	31 Dec 2000 or Date of Appointment
J A Robinson	25,129	25,129	23,618	17,500	Nil	Nil	6,118	20,200	Nil	6,200	26,400

None of the directors had any material interests in any contract or arrangement subsisting during the year with the company.

### 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 2001****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 and of the profit and 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 2001 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.

Approved by the Board on 21 August 2002.  
and signed on its behalf by

  
Secretary

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

We have audited the financial statements on pages 4 to 11 and the accounting policies set out on page 6.

**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 on page 2.

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.

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.

**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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

21 August 2002

**RMC PROPERTIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**for year ended 31st December 2001**

	Note	2001 £	2000 £
<b>Turnover</b>	2	2,570,681	457,010
<b>Cost of sales</b>		(1,468,961)	(918,369)
		<u>1,101,720</u>	<u>(461,359)</u>
Administrative expenses		(68,092)	(27,061)
<b>Operating profit/(loss)</b>		<u>1,033,628</u>	<u>(488,420)</u>
Other interest receivable and similar income	5	5,116	-
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<u>1,038,744</u>	<u>(488,420)</u>
Taxation	6	(499,338)	480,359
<b>Profit/(loss) for the year attributable to shareholders</b>		<u>539,406</u>	<u>(8,061)</u>
<b>Movement on profit and loss account</b>			
Retained (loss) at 1st January 2001		(8,061)	-
Profit/(loss) for the year attributable to shareholders		539,406	(8,061)
		<u>531,345</u>	<u>(8,061)</u>
Less: Dividends payable		(531,345)	-
<b>At 31st December 2001</b>		<u>-</u>	<u>(8,061)</u>

All the operations in 2001 and 2000 were continuing operations and there were no acquisitions in either year.

In 2001 and 2000 the company had no recognised gains or losses other than the profit/loss for the financial year.

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 11 form part of these accounts.

The auditors' report is set out on page 3.

## RMC PROPERTIES LIMITED

## BALANCE SHEET

at 31st December 2001

Fixed assets	Note	£	2001	£	£	2000	£
Tangible assets	7			4,051			7,535
<b>Current assets</b>							
Stock	8	4,156,830			3,650,708		
Debtors:							
Amounts falling due within one year	9	2,325,605			291,404		
Amounts falling due after more than one year	9	-			400,000		
Cash at bank and in hand		460			460		
		<u>6,482,895</u>			<u>4,342,572</u>		
<b>Creditors: amounts falling due within one year</b>							
Dividend		531,345			-		
Creditors	10	1,008,490			229,293		
		<u>1,539,835</u>			<u>229,293</u>		
<b>Net current assets</b>				4,943,060			4,113,279
<b>Total assets less current liabilities</b>				<u>4,947,111</u>			<u>4,120,814</u>
<b>Creditors: amounts falling due after more than one year</b>							
Loan from RMC Group p.l.c.	11			4,947,011			4,128,775
				<u>100</u>			<u>(7,961)</u>
<b>Capital and reserves</b>							
Called up equity Share Capital	13			100			100
Profit and loss account	14			-			(8,061)
<b>Shareholders' equity funds</b>				<u>100</u>			<u>(7,961)</u>

Approved by the Board of Directors on 21 August 2002.



J.A. Robinson - Director

The notes on pages 6 to 11 form part of these accounts.

The auditors' report is set out on page 3.

**RMC PROPERTIES LIMITED****NOTES TO THE ACCOUNTS****31st December 2001****1. Principal accounting policies**

The accounts have been prepared in accordance with applicable Accounting Standards. The company has adopted Financial Reporting Standard (FRS) 18 'Accounting policies' during the period. The Directors have reviewed the company's existing accounting policies and consider that they are already consistent with this new standard. The company has adopted the transitional provisions allowed under FRS 17 'Retirement benefits', disclosed in note 17. The company will adopt FRS 19 'Deferred tax' for the year ended 31st December 2002.

**Basis of accounting - accounting convention**

The accounts have been prepared using the historical cost convention.

**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%
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**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.

**Deferred Taxation**

No deferred taxation is provided as investment policy on capital expenditure is under the control of RMC Group p.l.c. and it is therefore not possible in respect of the company as a separate legal entity to determine that provision should be made for any liability for deferred taxation that may arise in the foreseeable future.

**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.

## RMC PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS

31st December 2001

## 1. Principal accounting policies (continued)

## Debtors

All known bad debts in respect of trade debtors are written off or fully provided for and, in addition, further provisions are made where appropriate.

## 2. Turnover

	2001 £	2000 £
Sales to customers outside the group	2,261,248	76,459
Sales to fellow subsidiary undertakings	309,433	380,551
	<u>2,570,681</u>	<u>457,010</u>

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

## 3. Profit/(loss) on ordinary activities before taxation

	2001 £	2000 £
The profit/(loss) on ordinary activities before taxation is stated after management charges and after charging:		
Depreciation of tangible assets	3,484	3,778
Other operating lease rentals	<u>12,269</u>	<u>26,115</u>
Auditors' remuneration	<u>2,450</u>	<u>2,256</u>

## 4. Employee costs

	2001 £	2000 £
<b>Staff costs during the year</b>		
Wages and salaries	209,941	265,315
Social security costs	16,266	21,873
Other pension costs	15,578	7,229
	<u>241,785</u>	<u>294,417</u>
<b>Average number of persons employed by the company during the year</b>	<u>7</u>	<u>9</u>

## Directors' emoluments

No remuneration was provided for any director during 2001 or 2000.

## 5. Interest receivable and similar income

	2001 £	2000 £
Bank interest	<u>5,116</u>	<u>-</u>



## RMC PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS

31st December 2001

6. Taxation	2001 £	2000 £
Profit & loss account		
United Kingdom corporation tax at the rate of 30% (2000: 30%) on the profits on ordinary activities for the year	-	(359)
Payment/(receipt) for Group relief: Current year	311,979	(480,000)
Prior year	250,000	-
Over provision for prior years	(62,641)	
	<u>499,338</u>	<u>(480,359)</u>

The charge for corporation tax is stated after taking credit for group relief in respect of tax losses of approximately £1,000,000 which will be surrendered by a fellow subsidiary for a payment of £311,979 (2000: £Nil).

In 2000 corporation tax losses of approximately £488,000 were surrendered by group relief to a fellow subsidiary for a payment of £480,000. This has been reduced by £250,000 in 2001.

The application of the company's accounting policy for deferred taxation has resulted in no increase or reduction in the taxation charge for the year from that which would have arisen on a full liability basis (2000: £Nil).

7. Tangible assets	Plant, machinery & equipment £
<b>Cost</b>	
At 1st January 2001	21,918
At 31st December 2001	<u>21,918</u>
<b>Depreciation</b>	
At 1st January 2001	14,383
Charged to profit and loss account	3,484
At 31st December 2001	<u>17,867</u>
<b>Net book value:</b>	
At 31st December 2001	<u>4,051</u>
<b>Net book value</b>	
At 31st December 2000	<u>7,535</u>

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

## RMC PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS

31st December 2001

8.	Stock	2001 £	2000 £
	Land and buildings	712,036	837,021
	Work in progress	3,444,794	2,813,687
		<u>4,156,830</u>	<u>3,650,708</u>
9.	Debtors	2001 £	2000 £
	<b>Amounts falling due within one year</b>		
	Trade debtors	2,193,251	-
	Amounts owed by fellow subsidiary undertakings	51,198	73,793
	Other debtors	72,225	207,333
	Prepayments and accrued income	8,619	10,143
	Other taxation and social security	312	135
		<u>2,325,605</u>	<u>291,404</u>
	<b>Amounts falling due after more than one year</b>		
	Other debtors	-	400,000
10.	Creditors: amounts falling due within one year	2001 £	2000 £
	Amounts owed to fellow subsidiary undertakings	45,246	51,631
	Other creditors	356,662	13,561
	Accruals and deferred income	606,582	164,101
		<u>1,008,490</u>	<u>229,293</u>
11.	Loan from RMC Group p.l.c.	2001 £	2000 £
	The loan is unsecured, free of interest, and has no fixed date of repayment.	<u>4,947,011</u>	<u>4,128,775</u>
12.	Deferred taxation		
	There is no potential liability for deferred taxation using the liability method.		

## RMC PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS

31st December 2001

<b>13. Called up equity share capital</b>	<b>2001 £</b>	<b>2000 £</b>
Authorised share capital allotted, called up and fully paid 100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<b>14. Reconciliation of movements in shareholders' funds</b>	<b>2001 £</b>	<b>2000 £</b>
Profit/(loss) attributable to shareholders	539,406	(8,061)
Dividend	531,345	-
	<hr/>	<hr/>
Shareholders' funds at 1st January	8,061	(8,061)
	(7,961)	100
	<hr/>	<hr/>
Shareholders' funds at 31st December	100	(7,961)
	<hr/>	<hr/>
<b>15. Contingent liabilities</b>		
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.		
<b>16. Obligations and commitments under leases</b>	<b>2001 £</b>	<b>2000 £</b>
<b>Operating leases</b>		
At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows:		
- within one year	2,691	2,473
- within two to five years	3,991	6,243
- after five years	-	-
	<hr/>	<hr/>
	6,682	8,716
	<hr/>	<hr/>

There are no obligations in respect of land & buildings.

**RMC PROPERTIES LIMITED****NOTES TO THE ACCOUNTS****31st December 2001****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 £15,578 (2000: £7,229), being 4% (2000: 3.5%) 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.