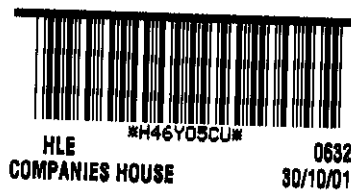


Stonemarket Limited

Registered No. 972373

Annual report

Year to 31 December 2000



Stonemarket Limited

Year to 31 December 2000

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Stonemarket Limited

Year to 31 December 2000

Company directory

Directors

J.G. Aspdin
A.R. Dix
D.G. Holden
P.D. Marshall (Resigned 6 November 2000)

Company secretary

R. C. Monro

Registered Office

Oxford Road
Ryton-on-Dunsmore CV8 3EJ

Bankers

National Westminster Bank PLC
1 Market Street
Bradford BD1 1EQ

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds LS1 4DW

Stonemarket Limited

Directors' report

The Directors present their annual report and the audited accounts for the year to 31 December 2000.

Principal activities

The principal activities of the Company are the manufacture, sale and distribution of concrete and stone products for the garden landscape market.

Review of the year and future developments

The Directors are satisfied with the progress of the business during the year and consider the state of affairs at the end of the year, and the future prospects of Company, to be satisfactory.

Result

Trading for the year has resulted in a profit after taxation of £1,299,954 (1999 - £1,324,943). A dividend of £1,000,000 has been paid for this year being £500,000 per share (1999 - £1,000,000 being £500,000 per share). The retained profit for the year has been transferred to reserves.

Directors

The names of the present Directors of the Company, who have served throughout the year appear on page 2.

The interests of the Directors in the share capital of group undertakings at 31 December 2000 and 1 January 2000 other than as shown in the accounts of those undertakings were:

	Beneficial & family	
	31 December 2000	1 January 2000
	No	No
A R Dix	194	194

Stonemarket Limited

Directors' report (continued)

Directors (continued)

b Options over Ordinary shares of 25p each in Marshalls Plc

	At 1 January 2000	No. of options granted	No. of options exercised	At 31 December 2000	Exercise price (pence)	Market price on exercise	Date from which exercisable	Expiry date
A R Dix	25,000			25,000	142		30.11.1997	29.11.2004
	4,376		4,376		134	247	01.10.2000	29.11.2004
		4,211		4,211	243		01.12.2003	31.05.2004

The market price of Marshalls Plc shares on 31 December 2000 was 236p and the range in the year then ended was from 200p to 266p.

Employees

It is the policy of the Company to ensure that full and fair opportunities are given to the employment, training and career development of disabled persons having regard to their particular aptitudes and abilities. Employees are encouraged to become involved in the company and information is provided so as to increase their awareness of its activities and those decisions which affect their interests.

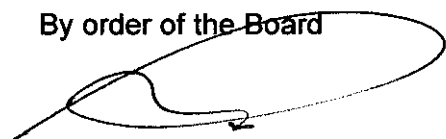
Payment Policy

The Company follows the CBI prompt payers code and operates and abides by a clearly defined payment policy which has been agreed with all major suppliers. At any month end the Company's trade balance represents two months purchases from suppliers.

Auditors

A resolution is to be proposed at the annual general meeting to re-appoint KPMG Audit Plc as auditors of the Company.

By order of the Board



R. C. Monro, Secretary
Huddersfield
30 March 2001

Stonemarket Limited

Year to 31 December 2000

Directors' responsibility statement

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Stonemarket Limited

Auditors' report to the members of Stonemarket Limited

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We 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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds
30 March 2001

KPMG Audit Plc

Stonemarket Limited

Profit and loss account for the year to 31 December 2000

	Note	2000 £	1999 £
Turnover	2	17,224,905	13,819,268
		<hr/>	<hr/>
Operating profit	4	2,252,265	2,040,081
Interest		-	7,832
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,252,265	2,047,913
Taxation on profit on ordinary activities	5	(952,311)	(722,970)
		<hr/>	<hr/>
Profit for the financial year		1,299,954	1,324,943
		<hr/>	<hr/>
Dividend	6	(1,000,000)	(1,000,000)
		<hr/>	<hr/>
Retained profit for the financial year		299,954	324,943
		<hr/>	<hr/>

The notes on pages 9 to 15 form part of these accounts.

In both the current year and preceding year, the Company had no discontinued operations.

A statement of the movement on reserves is given in note 13.

There were no recognised gains or losses in the year (1999 : £ Nil) other than those reflected above.

The accounts are prepared on an unmodified historical cost basis.

All turnover and results are generated from one principal activity.

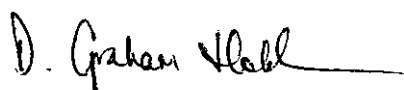
Stonemarket Limited

Balance sheet as at 31 December 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Intangible	7	10,134,311		10,705,258	
Tangible	8	6,214,607		5,160,707	
		16,348,918		15,865,965	
Current assets					
Stocks	9	2,354,678	1,413,181		
Debtors	10	1,598,422	1,406,262		
Cash at bank and in hand		109,603	163,183		
		4,062,703	2,982,626		
Creditors: amounts falling due within one year	11	(19,634,931)	(18,371,855)		
Net current liabilities		(15,572,228)	(15,389,229)		
Total assets less current liabilities		776,690	476,736		
Capital and reserves					
Called up share capital	12	2	2		
Profit and loss account	13	776,688	476,734		
Shareholders' funds - equity		776,690	476,376		

The notes on pages 9 - 15 form part of these accounts.

The accounts were approved by the Board of Directors on 7 March 2001 and signed on behalf of the Board by:



D.G. Holden
Director

Stonemarket Limited

Notes on the accounts

1. Accounting policies

The following paragraphs summarise the main accounting policies of the Company:

a Accounts convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has adopted FRS15 "Tangible Fixed Assets" and FRS16 "Current Tax" during the current period. Neither has had any significant impact on the results or financial position of the Company. Under Financial Reporting Standard 1 (Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary company.

Separate disclosures relating to transactions and balances with companies in the Marshalls Plc group in terms of Financial Reporting Standard 8 are not made since the company has taken advantage of the exemption contained in paragraph 3 c of the Standard.

b Turnover

Turnover which is substantially within the United Kingdom, represents the invoiced value of sales less value added tax, returns and allowances.

c Stocks

Stocks of raw materials and stores are valued at the lower of invoice cost and net realisable value. Finished goods, manufactured components and work in progress are valued at the lower of works cost and net realisable value. Works cost consists of direct materials, labour, factory and administrative overheads applicable to the stage of production.

d Goodwill

Following the issue of FRS10 'Goodwill and Intangible Assets', goodwill, being the difference between the cost of acquisition of a business and the fair value of net assets acquired, is capitalised and amortised to the profit and loss account over a maximum estimated useful life of 20 years. Goodwill written off in prior years will not be re-stated. When a subsidiary undertaking or its business is sold or closed, the associated goodwill is written off in the consolidated profit and loss account. The directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the profit and loss account in the year.

Stonemarket Limited

Notes on the accounts (continued)

e Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all fixed assets at rates calculated to write off cost less estimated residual value of each asset on a straight line basis over its estimated useful economic life.

The following rates are normally applied:

Freehold land			0% per annum
Freehold buildings	2½%	to	4% per annum
Fixed plant and equipment	5%	to	25% per annum
Mobile plant and vehicles	14%	to	30% per annum

f Deferred taxation

Provision is made at the appropriate rate when an additional liability is likely to arise, within the foreseeable future, due to differences between the treatment of items for accounts and taxation purposes.

g Leased assets

Assets which are subject to finance leases are treated as though they had been purchased outright and are included in tangible fixed assets at a value equal to the total of the capital payments to be made during the term of the lease. The total amount of the capital payments outstanding is included in creditors. The amount included in tangible fixed assets is depreciated over the shorter of the assets useful life or the terms of the lease. The rental cost of all operating leases is charged against profit on a straight line basis over the lives of the leases.

h Pension costs

Contributions to the pension scheme operated by the ultimate parent company are charged to the profit and loss account on a basis which spreads the cost over employees' working lives with the Company.

2. Turnover

Turnover, which is substantially within the United Kingdom, represents the invoiced value of sales less value added tax, returns and allowances.

Stonemarket Limited

Notes on the accounts (continued)

3. Employees

	2000	1999
	No.	No.
The average number of persons (including directors) employed by the company during the period was :	178	123
	<u> </u>	<u> </u>

Costs associated with those employees were :

	2000 £	1999 £
Wages and salaries	2,995,797	2,399,521
Social security costs	297,323	219,572
Other pension costs	7,728	3,482
	<u> </u>	<u> </u>
	3,300,848	2,622,575
	<u> </u>	<u> </u>

	2000 £	1999 £
Staff costs include directors' emoluments in respect of their services as managers amounting to:		

Salaries	107,172	83,590
Pensions	4,505	3,480
	<u> </u>	<u> </u>
	111,677	87,070
	<u> </u>	<u> </u>

The aggregate emoluments of the highest paid director was £111,677 (1999 - £87,070). He made a gain of £4,945 on the exercise of share options (1999 - £Nil). His accrued pension at the year end was £34,192 (31 December 1999 - £29,555) and his accrued lump sum was £Nil. Those directors who received pension contributions participate in defined benefits schemes.

Stonemarket Limited

Notes on the accounts (continued)

4. Operating costs

	<i>Note</i>	2000 £	1999 £
Raw materials and consumables		6,533,278	4,495,302
Changes in stocks of finished goods		(929,037)	(65,080)
Staff costs	3	3,300,848	2,622,575
Depreciation of tangible fixed assets - owned		575,324	497,248
Amortisation of goodwill		570,947	570,947
Own work capitalised		(102,988)	(160,301)
Other operating income		(91,450)	(15,942)
Other external and operating charges		5,115,716	3,834,438
		14,972,640	11,779,187
Operating profit is stated after charging:			
Hire of plant and machinery		11,114	-
Profit on sale of fixed asset		(15,209)	(9,577)

The company's audit fee is borne by the parent company.

5. Taxation on profit on ordinary activities

	2000 £	1999 £
Current year :		
UK Corporation tax at 30% (1999 - 30.25%)	952,311	722,970

The maximum potential liability arising from timing differences calculated on the liability method for which no provision has been made in these accounts is:

	2000 £	1999 £
Excess of capital allowances over depreciation	126,000	86,000

No deferred taxation is provided on the Company's fixed assets as in the opinion of the directors no material liability is likely to crystallise in the foreseeable future.

6. Dividend

	2000 £	1999 £
Dividend on £1 ordinary shares of £500,000 (1999 - £500,000)	1,000,000	1,000,000

Stonemarket Limited

Notes on the accounts (continued)

7. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2000 and 31 December 2000	11,418,942
Amortisation	
At 1 January 2000	713,684
Amounts provided	570,947
At 31 December 2000	1,284,631
Net Book Value	
At 31 December 2000	10,134,311
At 31 December 1999	10,705,258

The goodwill relates to the business of Stonemarket purchased on 25 September 1998.

8. Tangible fixed assets

	Freehold land and buildings £	Machinery, plant and vehicles £	Total £
Cost			
At 1 January 2000	2,920,729	2,832,308	5,753,037
Additions at cost	701,282	956,932	1,658,214
Disposals	-	(42,076)	(42,076)
At 31 December 2000	3,622,011	3,747,164	7,369,175
Accumulated depreciation			
At 1 January 2000	47,219	545,110	592,329
Provided in accounts	53,452	521,872	575,324
Disposals	-	(13,085)	(13,085)
At 31 December 2000	100,671	1,053,897	1,154,568
Net book value			
At 31 December 2000	3,521,341	2,693,266	6,214,607
At 31 December 1999	2,873,510	2,287,197	5,160,707

Stonemarket Limited

Notes on the accounts (continued)

Tangible fixed assets (continued)

Included in the cost of fixed assets is land with a value of £2,156,815 (1999-£2,156,815) which is not being depreciated.

9. Stocks

	2000 £	1999 £
Raw material and consumables	351,132	338,672
Finished goods for resale	2,003,546	1,074,509
	<hr/>	<hr/>
	2,354,678	1,413,181
	<hr/>	<hr/>

10. Debtors

	2000 £	1999 £
Trade debtors	969,273	830,063
Taxation and social security	112,664	112,423
Other debtors	157,168	180,992
Prepayments and accrued income	359,317	282,784
	<hr/>	<hr/>
	1,598,422	1,406,262
	<hr/>	<hr/>

11. Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,176,147	1,164,930
Other creditors	267,848	138,764
Corporation tax	5,988	48,295
Taxation and social security	232,498	253,660
Accruals	283,323	253,027
Amounts owed to group companies	17,669,127	16,513,179
	<hr/>	<hr/>
	19,634,931	18,371,855
	<hr/>	<hr/>

Stonemarket Limited

Notes on the accounts (continued)

12. Share capital

	2000 £	1999 £
Authorised:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

13. Statement of movement in shareholders' funds

	Share Capital £	Profit & loss account £	Total £
At 1 January 2000	2	476,734	476,736
Retained profit for the year	-	299,954	299,954
	<hr/>	<hr/>	<hr/>
At 31 December 2000	2	776,688	776,690
	<hr/>	<hr/>	<hr/>

14. Pension scheme

The Company is a member of a funded defined benefit scheme which is operated by the ultimate parent company, Marshalls Plc. The assets of the scheme are held in separate managed funds. Further details of the scheme are shown in the accounts of Marshalls Plc.

15. Ultimate parent company

The company regarded by the directors as the ultimate parent company is Marshalls Plc which is incorporated in the United Kingdom and registered in England and Wales. The accounts of Marshalls Plc are available from the Registered office at Birkby Grange, Birkby Hall Road, Birkby, Huddersfield HD2 2YA.