

## **AI Properties Limited**

### **Directors' report and financial statements**

For the year ended 31<sup>st</sup> December 2004

Registered in England number 988051



## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities and business review

The company's principal business is that of property ownership.

The company continued on a refurbishment programme for certain of its properties and as a result, the directors are satisfied with the performance of the business throughout the year, and its financial position at the balance sheet date.

### Results and dividends

The profit for the year after taxation amounted to £73,000 (2003: *loss* £110,000).

The directors do not recommend payment of a dividend.

### Directors and directors' interests

The directors who served during the year and subsequently were as follows:

PR Bartrop  
GW Bolsover

No director had any interest in the shares of the company.

Mr GW Bolsover also served as a director of the ultimate parent undertaking, Aggregate Industries plc. His interests in the share capital of Aggregate Industries plc are shown in the financial statements of that company.

The beneficial interests of other directors in the 25p ordinary shares of Aggregate Industries plc at the year end was as follows:

	31 December 2004	31 December 2003
<b>25p Ordinary Shares</b>		
PR Bartrop	83,947	79,011

	1 January 2004	Granted	31 December 2004
<b>25p Ordinary Shares</b>			
PR Bartrop	407,332	163,794	571,126

By order of the board



**KC Barker**  
*Secretary*

Bardon Hill  
Coalville  
Leicestershire  
LE67 1TL

7 March 2005

## **Statement of directors' responsibilities**

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 year. In preparing these 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.



KPMG Audit Plc

2 Cornwall Street  
Birmingham  
B3 2DL

## **Independent auditors' report to the members of AI Properties Limited**

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### ***Respective responsibilities of directors and auditors***

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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 with the company is not disclosed.

### ***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 2004 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

7 March 2005

## **Profit and loss account**

*for the year ended 31 December 2004*

	<i>Note</i>	<b>2004</b> <b>£000</b>	2003 £000
<b>Turnover</b>	2	<b>322</b>	311
Cost of sales		<b>(329)</b>	(409)
<b>Gross loss</b>		<b>(7)</b>	(98)
Administrative expenses		<b>(10)</b>	(8)
<b>Operating loss</b>		<b>(17)</b>	(106)
Profit on disposal of fixed assets		<b>127</b>	12
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>110</b>	(94)
Tax on loss on ordinary activities	3	<b>(37)</b>	(16)
<b>Profit/(loss) for the year</b>	10	<b>73</b>	(110)

The results for both years relate entirely to continuing activities.

## **Statement of total recognised gains and losses**

No separate statement of total recognised gains and losses has been prepared as all such gains and losses are included in the profit and loss account for 2004 and 2003.

## **Note of historical cost profit and losses**

	<b>2004</b> <b>£000</b>	2003 £000
<b>Reported profit/(loss) on ordinary activities before taxation</b>	<b>110</b>	(94)
Realisation of property revaluation gains of previous years	<b>30</b>	-
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	<b>31</b>	34
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<b>171</b>	(60)
<b>Historical cost profit/(loss) for the year after taxation</b>	<b>134</b>	(76)

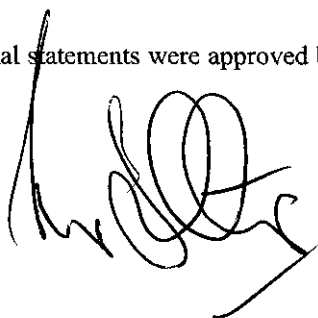
**Balance sheet**  
*at 31 December 2004*

	<i>Note</i>	<b>2004 £000</b>	<b>2003 £000</b>
<b>Fixed assets</b>			
Tangible assets	5	<b>5,731</b>	5,092
<b>Current assets</b>			
Debtors	6	<b>4</b>	1,008
Cash at bank and in hand		-	65
		<b>4</b>	1,073
<b>Creditors: Amounts falling due within one year</b>	7	<b>(633)</b>	(81)
<b>Net current (liabilities)/ assets</b>		<b>(629)</b>	992
<b>Total assets less current liabilities</b>		<b>5,102</b>	6,084
<b>Creditors: Amounts falling due after more than one year</b>	8	<b>(4,003)</b>	(5,058)
		<b>1,099</b>	1,026
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Revaluation reserve	10	<b>740</b>	<b>801</b>
Profit and loss account	10	<b>359</b>	<b>225</b>
<b>Shareholders' funds - equity interests</b>	11	<b>1,099</b>	1,026

Net current assets includes debtors falling due after more than one year of £nil (2003: £1,000,000)

These financial statements were approved by the board of directors on 7 March 2005 and were signed on its behalf by:

**PR Bartrop**  
*Director*



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

#### ***Basis of preparation***

The company's financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable Accounting Standards.

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cash flow statement on the grounds that its cash flows are included within the consolidated cash flow of Aggregate Industries plc.

#### ***Tangible fixed assets***

Depreciation is provided on a straight line basis to charge the cost of tangible fixed assets, less their estimated residual values, over their estimated useful lives.

Freehold buildings and structures are depreciated on a straight line basis over 50 years, or their remaining useful lives, whichever is the shorter.

Freehold land is not depreciated.

#### ***Taxation***

The charge for taxation is based on the profit for the year and deferred taxation is provided in full, without discounting, in respect of all timing differences that have originated but not reversed at the balance sheet date using the tax rates expected to apply based upon current rates.

#### ***Going concern***

The financial statements have been prepared on going concern basis, as the directors believe that the company will continue to trade for the foreseeable futures. The directors received an undertaking from the parent undertaking that they will provide such financial support as is necessary to enable the company to continue trading.

### 2 Turnover

Turnover comprises rentals receivable all of which arose in the United Kingdom.



## Notes (continued)

### 3 Tax on loss on ordinary activities

The charge for taxation is as follows:

	2004 £000	2003 £000
Based on loss for the year		
Corporation tax	46	16
Adjustment in respect of prior years	(9)	-
	<hr/>	<hr/>
Total current tax	37	16

Factors affecting current tax charge for the year

The standard rate of UK corporation tax for the year is 30% (2003: 30%)

The actual tax charge calculated for the current and prior years is higher than the standard rate for the reasons set out below:

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation	110	(94)
Credit on loss on ordinary activities at the standard rate	33	(28)
Non-deductible items	52	45
Non-taxable items	(38)	-
Deferred tax – movement on unprovided deferred tax asset	(1)	(1)
Adjustment in respect of prior years	(9)	-
	<hr/>	<hr/>
Current tax charge for the year	37	16

### 4 Employees and directors

The company employed no personnel, other than directors, during 2004 or 2003.

No directors received emoluments in respect of services rendered to the company (2003 £Nil)

During the year, two directors were granted share options under long term incentive schemes.

## Notes (continued)

### 5 Tangible fixed assets

	<b>Freehold property £000</b>
<i>Cost or valuation</i>	
At 1 January 2004	5,985
Additions	832
Disposals	(45)
	<hr/>
<b>At 31 December 2004</b>	<b>6,772</b>
<i>Depreciation</i>	
At 1 January 2004	893
Charge for the year	162
Disposals	(14)
	<hr/>
<b>At 31 December 2004</b>	<b>1,041</b>
<i>Net book value</i>	
<b>At 31 December 2004</b>	<b>5,731</b>
At 1 January 2004	5,092
Cost or valuation at 31 December 2004 comprises:	
	<hr/>
	<b>£000</b>
Cost	5,214
Valuation in 1999	1,558
	<hr/>
	<b>6,772</b>

Freehold property includes land amounting to £463,000 (2003: £463,000) which is not depreciated.

Land and buildings were valued on an existing use basis by the directors in 1999 and would appear as follows under the historical cost convention:

	<b>2004 £000</b>	<b>2003 £000</b>
Cost	<b>676</b>	685
Accumulated depreciation	<b>(225)</b>	(205)
	<hr/>	<hr/>
	<b>451</b>	480

## Notes (continued)

### 6 Debtors

	2004 £000	2003 £000
Due within one year:		
Trade debtors	4	8
Due after one year:		
Amounts due from group undertakings	-	1,000
	<hr/> 4	<hr/> 1,008

### 7 Creditors: Amounts falling due within one year

	2004 £000	2003 £000
Bank overdrafts	545	-
Trade creditors	17	11
Corporation tax	46	54
Accruals	25	16
	<hr/> 633	<hr/> 81

### 8 Creditors: Amounts falling due after more than one year

	2004 £000	2003 £000
Amounts owed to group undertakings	4,003	5,058

### 9 Share capital

	2004 £	2003 £
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid:</i>		
3 ordinary shares of £1 each	3	3

## Notes (continued)

### 10 Reserves

	<b>Revaluation reserve £000</b>	<b>Profit and loss account £000</b>
At 1 January 2004	801	225
Amortisation of revaluation reserve	(61)	61
Profit for the year	-	73
	<hr/>	<hr/>
<b>At 31 December 2004</b>	<b>740</b>	<b>359</b>

### 11 Reconciliation of movement in shareholders' funds

	<b>2004 £000</b>	<b>2003 £000</b>
Opening Shareholders' funds	1,026	1,136
Profit/(loss) for the year	73	(110)
	<hr/>	<hr/>
<b>Closing Shareholders' funds</b>	<b>1,099</b>	<b>1,026</b>

### 12 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Aggregate Industries plc group. There are no other transactions with related parties.

### 13 Ultimate parent undertaking

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Aggregate Industries plc, the ultimate parent undertaking, incorporated in Great Britain.

Copies of Aggregate Industries plc's financial statements may be obtained from Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ.