Tarmac Swindon Limited

Directors' report and financial statements

31 December 1997
Registered number 2294384

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The company is principally engaged in the retention of land and property for development purposes.

Business review and future developments

The company's turnover during the year was £Nil (1996: £562,500) and its loss before tax was £2,910 (1996: £50).

The directors anticipate that the company will continue to perform in its present role during 1998.

Proposed dividend

The directors do not propose the payment of a dividend (1996: £Nil).

Creditor payment policy

The company does not adopt any specific code or standard, however, it is the company's policy to pay its suppliers in accordance with the terms and conditions agreed prior to the commencement of trading provided that the supplier has met its contractual obligations.

Directors and directors' interests

The directors serving during the year were:

GA Cooper
BJ Sharples
B Pellard
SP Eastwood

No director had any interest in the share or loan capital of the company during the year.

Beneficial interests of the directors who held office at the end of the financial year and their families (other than where disclosed in the financial statements of the immediate or ultimate holding company) in the ordinary share capital of Tarmac PLC were as follows:

	Number of 50p ordinary shares						
	At 31 December 1997		At 1 January 1997 or later date of appointment		Share option movements in year		
	Fully paid	Share options	Fully paid	Share options	Granted	Exercised	Lapsed
GA Cooper	9,028	129,096	9,028	136,576	3,997	-	11,477
SP Eastwood	-	99,376	-	48,922	50,454	-	-

Directors' report *(continued)*

Directors' responsibilities 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;
- 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.

Auditors

A resolution will be proposed for the re-appointment of KPMG Audit Plc as auditor of the company at the forthcoming Annual General Meeting.

Approved by order of the board of directors and signed on its behalf by:

E McEwan
Secretary

Construction House
Wolverhampton
WV1 4HY

25 March 1998

KPMG

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of Tarmac Swindon Limited

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 March 1998

Profit and loss account
for the year ended 31 December 1997

	Note	**1997**	1996
		£	£
Turnover	*2*	-	562,500
Cost of sales		-	(562,500)
Gross loss		-	-
Administrative expenses		**(2,910)**	(50)
Operating loss	*4*	**(2,910)**	(50)
Tax on loss on ordinary activities	*5*	**916**	-
Loss for the financial year		**(1,994)**	(50)
Retained losses brought forward		**(1,202,652)**	(1,202,602)
Retained losses carried forward		**(1,204,646)**	(1,202,652)

There are no recognised gains or losses other than the loss for the current and previous years.

All of the company's activities are classified as continuing.

Balance sheet
at 31 December 1997

	Note	**1997**	1996
		£	£
Current assets			
Stocks	*6*	**7,478,245**	7,436,403
Debtors	*7*	**34,221**	82,003
		7,512,466	7,518,406
Creditors: Amounts falling due within one year	*8*	**(8,717,110)**	(8,721,056)
Net liabilities		**(1,204,644)**	(1,202,650)
Capital and reserves			
Called up share capital	*9*	**2**	2
Profit and loss account		**(1,204,646)**	(1,202,652)
Equity shareholders' funds	*10*	**(1,204,644)**	(1,202,650)

These financial statements were approved by the board of directors on 25 March 1998 and were signed on its behalf by:

B Pellard
Director

SP Eastwood
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 financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and on a going concern basis. The going concern basis assumes that the company will continue to trade, since Tarmac Construction Limited has indicated that it will provide or procure such funds as are necessary to enable the company to continue its development activities for the period to 31 March 1999.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking Tarmac PLC includes the company in its own consolidated financial statements.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

2 Turnover

Turnover represents the sale of completed projects net of VAT.

3 Directors' emoluments

The directors have neither received nor waived any emoluments during the year (1996: £Nil).

Loss on ordinary activities before taxation

	1997	1996
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	**2,910**	50

5 Tax on loss on ordinary activities

	1997	1996
	£	£
Group relief	**(916)**	-

Notes *(continued)*

6 Stocks

	1997	1996
	£	£
Work in progress	**7,478,245**	7,436,403

7 Debtors

	1997	1996
	£	£
Amounts owed to group undertakings	**14,084**	60,163
Other debtors	**20,137**	21,840
	34,221	82,003

Other debtors includes an amount of £916 (1996: £Nil) in respect of group relief receivable.

8 Creditors: Amounts falling due within one year

	1997	1996
	£	£
Trade creditors	**1,006**	19,622
Amounts owed to group undertakings	**8,320,104**	8,699,712
Corporation Tax	**396,000**	-
Accruals	-	1,500
Other creditors	-	222
	8,717,110	8,721,056

9 Share capital

	1997	1996
	£	£
Authorised:		
1,000 ordinary shares £1 each	**1,000**	1,000
Allotted:		
2 ordinary shares of £1 each	2	2

Notes *(continued)*

10 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Loss for the financial year	**(1,994)**	(50)
Opening shareholders' funds	**(1,202,650)**	(1,202,600)
Closing shareholders' funds	**(1,204,644)**	(1,202,650)

11 Controlling companies

The company's controlling company is Tarmac Construction Limited, whilst the company's ultimate controlling company is Tarmac PLC, both of which are incorporated in Great Britain.

Copies of the group financial statements for Tarmac PLC are available from Construction House, Wolverhampton, WV1 4HY.

12 Related party transactions

By virtue of the company being a wholly owned subsidiary included in the consolidated financial statements of a larger EU group, the company is exempt under Financial Reporting Standard 8 from disclosing transactions or balances with entities which are part of the group that qualify as related parties.