

## **Aggregate Industries UK Limited**

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

For the year ended 31<sup>st</sup> December 2005

Registered number 0245717



## **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 2005.

### **Principal activities and business review**

The principal activity of the company is the exploitation of land and mineral reserves principally for the supply of heavy building materials for construction activities.

The directors are satisfied with the performance of the business throughout the year and its financial position at the balance sheet date. A review can be found in the accounts of the UK parent undertaking, Aggregate Industries Limited (formerly Aggregate Industries plc).

The directors expect overall operations to remain broadly consistent in the coming year.

### **Results and dividends**

The profit for the year, after taxation, amounted to £15.6 million (2004: £46.7 million). Interim dividends totalling £175,000 (2004: £41.4 million) have been paid. The directors do not recommend payment of a final dividend.

### **Change in ownership**

On 21 March 2005, the recommended Holcim offer to purchase the entire issued share capital of Aggregate Industries Limited (formerly Aggregate Industries plc) was declared unconditional. From this date, Holcim Limited became the company's ultimate parent undertaking.

### **Acquisitions**

The company acquired various trade and assets during the year for a total consideration of £1.7 million, as shown in note 22.

In addition, the company acquired further interest in subsidiary undertakings for a total consideration of £42.4 million, as shown in note 13.

### **Transfer of Trade**

During the year, one subsidiary company transferred its trade and net assets to the company. The consideration is included in the total of £1.7m referred to above.

### **Employment policies**

The company has continued to keep employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. It will continue to ensure that employees are encouraged to participate in the effective running of the company.

The company continues to adopt a policy of non-discrimination in the employment of disabled persons. Their training and career development are consistent with the company's general policies and procedures relating to those activities. In addition, where an employee becomes disabled, every effort is made to ensure continuity of employment or to offer suitable employment with appropriate retraining if necessary.

### **Directors and directors' interests**

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

P R Barltrop  
G W Bolsover  
T N Grimes (resigned 29 July 2005)  
G Thompson (resigned 29 July 2005)  
H Armitage (appointed 1 May 2006)  
R Cunningham (appointed 1 May 2006)

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

Mr G W Bolsover is also a director of the parent undertaking, Aggregate Industries Limited. His interest in the share capital of Aggregate Industries Limited is shown in the financial statements of that company.

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

25p Ordinary Shares		31 December 2005	1 January 2005
P R Barltrop		-	83,947
T N Grimes		-	8,298
		<u>          </u>	<u>          </u>
Share Option Schemes	1 January 2005	Exercised	31 December 2005
P R Barltrop	571,126	571,126	-
T N Grimes	485,313	485,313	-
G Thompson	547,224	547,224	-

At the year end, no directors had any interest in the shares of the company or any group company.

### Payment to suppliers

The company's general policy is to adhere to the terms of payment agreed with its suppliers. At 31 December 2005 the company had an average of 70 days purchases outstanding in trade creditors as calculated in accordance with the requirements of company law.

By order of the board



**Mrs M Ford**  
*Secretary*

Bardon Hall  
Copt Oak Road  
Markfield  
Leicestershire  
LE67 9PJ

Date ..... 2006

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 of the Company 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGGREGATE INDUSTRIES UK LIMITED**

We have audited the financial statements of Aggregate Industries UK Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

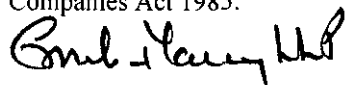
### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of the company's profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered auditor

Birmingham

Date 8/1/06.

## Profit and loss account

*for the year ended 31 December 2005*

	<i>Note</i>	<b>2005</b> <b>£000</b>	2004 £000
<b>Turnover</b>	<b>2</b>	<b>882,294</b>	794,020
Cost of sales		<b>(577,566)</b>	(491,228)
<b>Gross profit</b>		<b>304,728</b>	302,792
Distribution costs		<b>(173,097)</b>	(154,257)
Administrative expenses		<b>(70,298)</b>	(67,085)
Other operating income		<b>924</b>	923
<b>Operating Profit</b>		<b>62,257</b>	82,373
Exceptional costs	<b>3</b>	<b>(22,944)</b>	-
<b>Profit before interest and taxation</b>		<b>39,313</b>	82,373
Other interest receivable and similar income	<b>4</b>	<b>7,630</b>	3,244
Net income from fixed asset investments	<b>5</b>	-	2
Interest payable and similar charges	<b>6</b>	<b>(21,982)</b>	(20,749)
<b>Profit on ordinary activities before taxation</b>	<b>7</b>	<b>24,961</b>	64,870
Tax on profit on ordinary activities	<b>8</b>	<b>(9,323)</b>	(18,131)
<b>Profit on ordinary activities after taxation</b>	<b>20</b>	<b>15,638</b>	46,739

Operating profit for both years relates entirely to continuing activities.

## Statement of total recognised gains and losses

*for the year ended 31 December 2005*

	<b>2005</b> <b>£000</b>	2004 £000
Profit for the year	<b>15,638</b>	46,739
Unrealised surplus on the revaluation of fixed assets	<b>418,368</b>	-
	<b>434,006</b>	46,739

**Note of historical cost profits and losses**  
*for the year ended 31 December 2005*

	<b>2005</b>	2004
	<b>£000</b>	£000
Reported profit on ordinary activities before taxation	<b>24,961</b>	64,870
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>12,400</b>	-
Historical cost profit on ordinary activities before taxation	<b>37,361</b>	64,870
Historical cost profit for the year after taxation	<b>28,038</b>	46,739

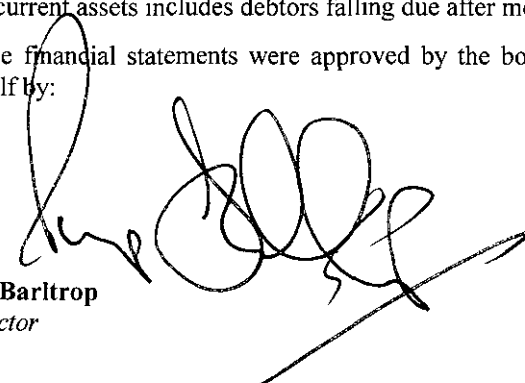


**Balance sheet**  
*at 31 December 2005*

	Note	2005 £000	(restated) 2004 £000
<b>Fixed assets</b>			
Intangible assets	11	49,189	51,599
Tangible assets	12	920,914	516,980
Investments	13	167,192	124,831
		<b>1,137,295</b>	<b>693,410</b>
<b>Current assets</b>			
Stocks	14	68,105	73,106
Debtors	15	179,808	167,615
Cash at bank and in hand		1,823	18,959
		<b>249,736</b>	<b>259,680</b>
<b>Creditors: Amounts falling due within one year</b>	16	<b>(210,668)</b>	<b>(208,379)</b>
<b>Net current assets</b>		<b>39,068</b>	<b>51,301</b>
<b>Total assets less current liabilities</b>		<b>1,176,363</b>	<b>744,711</b>
<b>Creditors: Amounts falling due after more than one year</b>	17	<b>(588,890)</b>	<b>(597,717)</b>
Provisions for liabilities and charges	18	(45,849)	(39,201)
<b>Net assets</b>		<b>541,624</b>	<b>107,793</b>
<b>Capital and reserves</b>			
Called up share capital	19	100	100
Share premium	20	32,791	32,791
Revaluation reserve	20	416,322	10,354
Profit and loss account	20	92,411	64,548
<b>Shareholders' funds - equity interests</b>	21	<b>541,624</b>	<b>107,793</b>

Net current assets includes debtors falling due after more than one year of £Nil (2004: £428,000).

These financial statements were approved by the board of directors on 30 October 2006 and were signed on its behalf by:

  
**P R Barltrop**  
*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 are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable Accounting Standards.

Group financial statements and a cash flow statement have not been prepared as permitted by Section 228(1) of the Companies Act 1985 and FRS1 respectively, as the company is a wholly owned subsidiary of a company incorporated in Great Britain.

The financial statements present information about the company as an individual undertaking and not about its group.

Following the implementation of FRS 25 'Financial Instruments Presentation and Disclosure', dividends are no longer presented in the profit and loss account, but are dealt with in the notes to the accounts and through the Reserves and Reconciliation of Shareholders' Funds notes (see notes 20 and 21).

In preparing the financial statements for the current year, the company has changed its accounting policy in relation to overburden in order to be consistent with Holcim group accounting policies. Overburden is now accounted for as a fixed asset mineral resource (see accounting policy below) rather than a prepayment or other debtor as previously reported. The prior year adjustment in relation to the accounting policy change has resulted in prepayments and other debtors being reduced by £14,796,000 and fixed asset mineral resources being increased by the same amount (see notes 12 and 15) for the year ended 31 December 2004.

#### *Joint ventures*

Joint ventures are entities in which the company has a long term investment and which are jointly controlled by the company and one or more other ventures.

#### *Goodwill*

Goodwill on acquisition, being the excess of the purchase consideration over the fair value of the separable net assets acquired, is capitalised and amortised over its estimated useful economic life up to 20 years.

#### *Intangible Fixed Assets*

Concessions, patents, licences and trademarks purchased separately from a business are capitalised at their cost and are amortised to nil by equal annual instalments over their useful economic lives.

#### *Mineral resources*

Mineral resources are valued at directors' valuation. Depreciation is charged over their estimated remaining lives on the basis of tonnage extracted.

#### *Restoration Costs*

The amount recognised as a restoration provision is the estimated present value of future liabilities for eventual restoration costs. A corresponding tangible fixed asset of an amount equivalent to the provision is also created and subsequently depreciated over the remaining useful economic life of the relevant asset to which it relates.

#### *Tangible fixed assets*

The cost of tangible fixed assets, less their estimated residual values, is written off by equal annual instalments over their expected useful lives as follows:

Short leasehold land and buildings	-	over the life of the lease
Freehold land	-	nil
Freehold buildings	-	20 – 50 years
Plant, equipment and vehicles	-	3 – 20 years

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Investments***

Investments are stated at cost less provision for impairment.

#### ***Leased assets***

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligation is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

#### ***Stocks and work in progress***

Stocks are valued at the lower of cost and net realisable value.

Cost comprises the actual cost of raw materials and an appropriate proportion of labour in the case of work in progress and labour and overheads in the case of finished goods. Provision is made for any obsolete or slow moving items.

#### ***Government grants***

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Revenue based government grants are credited to the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

#### ***Research and development***

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future revenues from the related project.

#### ***Deferred taxation***

Deferred taxation is provided in full 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 on current rates. The amount provided for deferred taxation has been discounted to present value. Changes in the amount of discount are included within the tax charge in the profit and loss account.

#### ***Pension costs***

In accordance with FRS17, pension schemes are treated as defined contribution schemes and all contributions are charged directly to the profit and loss account.

### **2 Turnover**

Turnover comprises the invoice value of goods and services supplied by the company, exclusive of VAT. Other than an insignificant amount, all sales are made in the United Kingdom.

### **3 Exceptional costs**

The following exceptional costs arising as a result of the acquisition by Holcim have been charged against income:

	2005 £000	2004 £000
Fair value adjustments	21,708	-
Consequential costs	1,236	-
	<hr/> 22,944 <hr/>	<hr/> - <hr/>

## Notes (continued)

### 4 Other income and interest receivable

	2005 £000	2004 £000
Other interest receivable	68	140
Inter group interest receivable	229	199
Dividends received	7,333	2,905
	<hr/>	<hr/>
	7,630	3,244
	<hr/>	<hr/>

### 5 Net income from fixed asset investments

	2005 £000	2004 £000
Amounts written off investments	(42)	(12,545)
Returns from fixed asset investments	42	12,547
	<hr/>	<hr/>
	-	2
	<hr/>	<hr/>

### 6 Interest payable and similar charges

	2005 £000	2004 £000
Unwinding of discount	414	-
Finance lease and hire purchase interest	648	200
Other interest payable	208	5
Group interest payable	20,712	20,544
	<hr/>	<hr/>
	21,982	20,749
	<hr/>	<hr/>

### 7 Profit on ordinary activities before taxation

	2005 £000	2004 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets:		
Owned assets	54,333	33,300
Assets held under finance leases	563	316
Goodwill amortisation	3,279	2,505
Auditors' remuneration - auditors services	154	288
- non audit services	7	-
Operating lease rentals:		
Plant and equipment	12,130	8,578
Land and buildings	4,469	4,861
Research and development expenditure	952	880
Government grants	(301)	(274)
Property rental income	(623)	(669)
Exceptional costs (see note 3)	22,944	-
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation on profit on ordinary activities

The charge for taxation is as follows:

	2005 £000	2004 £000
Corporation tax on income for the year	11,600	18,045
Adjustments in respect of prior years	(648)	(1,861)
	<hr/>	<hr/>
Total current tax	10,952	16,184
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(2,177)	2,716
Adjustments in respect of prior years	(829)	(14)
Change in discount	1,377	(755)
	<hr/>	<hr/>
Total deferred tax	(1,629)	1,947
	<hr/>	<hr/>
Tax on profit on ordinary activities	9,323	18,131
	<hr/>	<hr/>

#### *Factors affecting current tax charge for the year:*

The standard rate of UK corporation tax for the year is 30% (2004: 30%).

The actual tax charge calculated for the current year is higher (2004: lower) than the standard rate for the reasons set out below.

	2005 £000	2004 £000
Profit on ordinary activities before taxation	24,961	64,870
	<hr/>	<hr/>
Tax on profit on ordinary activities at the standard rate	7,488	19,461
Non-deductible items	8,308	3,381
Non-taxable items	(6,373)	(2,081)
Deferred tax – net increase in accelerated capital allowances	(3,907)	(2,595)
Deferred tax – net reduction / (increase) in other timing differences	6,084	(121)
Adjustments in respect of prior years	(648)	(1,861)
	<hr/>	<hr/>
Total current tax	10,952	16,184
	<hr/>	<hr/>

## Notes (continued)

### 9 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

2005 Number	2004 Number
4,811	4,722

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	142,272	127,935
Social security costs	11,471	11,372
Other pension costs	10,240	10,224
	<u>163,983</u>	<u>149,531</u>
<b>Directors remuneration</b>		
Emoluments	<u>1,840</u>	<u>1,159</u>

Three directors were members of a defined benefit pension schemes (2004: Three).

The aggregate emoluments of the highest paid director was £1,540,000 (2004: £899,000) and the company also contributed £31,000 (2004: £30,000) towards a money purchase scheme. The highest paid director did not exercise any share options during the year.

### 10 Dividends paid

	2005 £000	2004 £000
Interim dividend paid	<u>175</u>	<u>41,353</u>

There are no final dividends proposed.

## Notes (continued)

### 11 Intangible fixed assets

	Intangibles £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2005	261	59,099	59,360
Acquisitions and transfer of trade (see note 22)	-	835	835
Additions	-	34	34
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>261</b>	<b>59,968</b>	<b>60,229</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 2005	57	7,704	7,761
Charge for the year	13	3,266	3,279
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>70</b>	<b>10,970</b>	<b>11,040</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 December 2005</b>	<b>191</b>	<b>48,998</b>	<b>49,189</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2004</b>	<b>204</b>	<b>51,395</b>	<b>51,599</b>
	<hr/>	<hr/>	<hr/>

Intangibles represents the cost of intellectual property rights.

## Notes (continued)

### 12 Tangible fixed assets

	Mineral resources £000	Land and Buildings £000	Plant, equipment and vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2005 as previously stated	235,808	112,223	440,446	788,477
Prior year adjustment (see note 1)	14,796	-	-	14,796
At 1 January 2005 as restated	250,604	112,223	440,446	803,273
Revaluation	343,302	33,121	49,999	426,422
Additions	2,467	969	33,828	37,264
Acquisitions	400	-	515	915
Disposals	-	(5,541)	(3,865)	(9,406)
Category transfer	4,220	(4,964)	744	-
Inter company additions	-	884	897	1,781
Inter company disposals	-	(585)	(89)	(674)
<b>At 31 December 2005</b>	<b>600,993</b>	<b>136,107</b>	<b>522,475</b>	<b>1,259,575</b>
<b>Depreciation</b>				
At 1 January 2005	34,186	28,017	224,090	286,293
Charge for year	10,513	8,865	35,518	54,896
Disposals	-	(126)	(2,811)	(2,937)
Category transfer	394	(394)	-	-
Inter company additions	-	52	418	470
Inter company disposals	-	(8)	(53)	(61)
<b>At 31 December 2005</b>	<b>45,093</b>	<b>36,406</b>	<b>257,162</b>	<b>338,661</b>
<b>Net book value</b>				
<b>At 31 December 2005</b>	<b>555,900</b>	<b>99,701</b>	<b>265,313</b>	<b>920,914</b>
<b>At 31 December 2004 as restated</b>	<b>216,418</b>	<b>84,206</b>	<b>216,356</b>	<b>516,980</b>

A revaluation of the company's property, plant and equipment was carried out as at 31 March 2005. A specialist independent valuer conducted the valuation of approximately 80% by value of the mineral reserves. The remainder of the property and the plant and equipment was revalued by the company's own specialists. Property was valued on the basis of existing use value; buildings, plant and equipment were revalued to depreciated replacement cost.

Included in the fixed asset revaluation above is an amount of £8,054,000 with respect to an increase in the restoration asset for which the corresponding entry has not been taken to the revaluation reserve. In accordance with the company's accounting policies on restoration costs, the corresponding entry has been reflected as an increase in the restoration provision.



## Notes (continued)

### 12 Tangible fixed assets (continued)

Cost or valuation at 31 December 2005 comprises:

	Mineral resources £000	Land and Buildings £000	Plant, equipment and vehicles £000	Total £000
Cost	-	-	63,134	63,134
Valuation	600,993	136,107	459,341	1,196,441
	<u>600,993</u>	<u>136,107</u>	<u>522,475</u>	<u>1,259,575</u>

#### *Land and buildings and mineral resources*

The net book value of land and buildings and mineral resources comprises:

	2005 £000	(restated) 2004 £000
Freehold	567,944	257,681
Long leasehold	1,258	4,039
Short leasehold	86,399	38,904
	<u>655,601</u>	<u>300,624</u>

Freehold land and buildings includes land amounting to £33.4 million (2004: £36.1 million) which is not depreciated.

Fixed assets included at valuation on an existing use basis, would appear as follows under the historical cost convention:

	2005 £000	2004 £000
Cost	779,741	198,082
Accumulated depreciation	(298,569)	(40,936)
	<u>481,172</u>	<u>157,146</u>

Commitments for capital expenditure are as follows:

	2005 £000	2004 £000
Contracted for but not provided	3,710	7,465

Included in plant, equipment and vehicles are assets held under finance lease agreements with a net book value of £2.3 million (2004: £4.5 million).

## Notes (continued)

### 13 Investments

	Subsidiary undertakings £000	Joint ventures £000	Other £000	Total £000
<b>Cost</b>				
At 1 January 2005	175,070	6,416	1,624	183,110
Additions	42,368	35	-	42,403
Transfer	2	(2)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>217,440</b>	<b>6,449</b>	<b>1,624</b>	<b>225,513</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Provision for impairment</b>				
At 1 January 2005	57,701	328	250	58,279
Provision for impairment	42	-	-	42
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>57,743</b>	<b>328</b>	<b>250</b>	<b>58,321</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2005	159,697	6,121	1,374	167,192
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2004</b>	<b>117,369</b>	<b>6,088</b>	<b>1,374</b>	<b>124,831</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The following acquisitions of and further participation in subsidiary undertakings were completed by the company during the year:

	Date of Acquisition	Consideration £000
London Concrete Limited	7 January & 10 March 2005	32,039
Concrete Developments Limited	5 January 2005	4,418
Paragon Materials Limited	5 December 2005	3,500
EJS Concrete Products Limited	13 June 2005	1,756
Other	Various	657
		<hr/>
		42,370
		<hr/>

## Notes (continued)

### 13 Investments (continued)

Principal operating subsidiary undertakings, which are incorporated in Great Britain, are listed below:

Company	Proportion of shares owned	Nature of business
London Concrete Limited	100%	Ready mixed concrete
Tendley Quarries Limited	50%	Quarrying and asphalt
Paragon Materials Limited	100%	Cement distribution
Concrete Developments Limited	75%	Beam and Block Flooring

The directors consider that the aggregate value of the investments in subsidiaries is not less than the amount at which they are stated in the financial statements.

### Joint ventures

The principal joint ventures, which are incorporated in Great Britain, are listed below:

Company	Proportion of voting rights and shares held	Nature of business
Caird Bardon Limited	50%	Waste disposal
RMC Readymix South West Limited	49%	Ready mixed concrete
Mid Essex (Asphalt) Limited	50%	Asphalt and Surfacing
Sewells Reservoir Construction Limited	50%	Reservoir construction and sand & gravel extraction
Wetherley Services Limited	50%	Aggregate merchant

### 14 Stocks

	2005 £000	2004 £000
Raw materials	17,077	16,796
Short-term work in progress	3,707	2,302
Finished goods	47,321	54,008
	<hr/>	<hr/>
	68,105	73,106
	<hr/>	<hr/>

## Notes (continued)

### 15 Debtors

	2005 £000	(restated) 2004 £000
Amounts falling due within one year:		
Trade debtors	139,312	134,850
Amounts due from group undertakings	17,329	7,917
Amounts due from joint ventures	705	1,104
Other debtors	11,717	9,746
Prepayments	10,745	13,570
	<hr/> 179,808	<hr/> 167,187
Amounts falling due after more than one year:		
Trade debtors	-	428
	<hr/> 179,808	<hr/> 167,615
	<hr/> <hr/>	<hr/> <hr/>

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

	2005 £000	2004 £000
Bank overdraft	369	3,305
Obligations under finance leases	623	1,825
Trade creditors	114,702	113,091
Amounts owed to group undertakings	4,107	4,531
Amounts due to joint ventures	-	492
Corporation tax	12,297	19,746
Other taxes and social security	27,155	26,553
Accruals and deferred income	43,915	33,660
Other creditors	7,500	5,176
	<hr/> 210,668	<hr/> 208,379
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**17 Creditors: Amounts falling due after one year**

	<b>2005</b>	2004
	<b>£000</b>	£000
Obligations under finance leases	<b>1,713</b>	2,624
Amounts owed to group undertakings	<b>583,654</b>	591,742
Deferred income	<b>3,523</b>	3,351
	<hr/> <b>588,890</b> <hr/>	<hr/> 597,717 <hr/>
Repayable by instalments:		
Finance leases are payable as follows:		
From one to two years	<b>580</b>	1,023
From two to five years	<b>1,133</b>	1,601
	<hr/> <b>1,713</b> <hr/>	<hr/> 2,624 <hr/>

***Deferred income***

The majority of deferred income represents grants received under various Rail Freight Grant Schemes.

	<b>2005</b>	
	<b>£000</b>	
At 1 January 2005		<b>3,625</b>
Amortised during the year		<b>(301)</b>
Received		<b>500</b>
		<hr/> <b>3,824</b> <hr/>
At 31 December 2005		
	<b>2005</b>	2004
	<b>£000</b>	£000
Included in creditors due within one year	<b>301</b>	274
Included in creditors due after one year	<b>3,523</b>	3,351
	<hr/> <b>3,824</b> <hr/>	<hr/> 3,625 <hr/>

**Notes (continued)**

**18 Provisions for liabilities and charges**

	Deferred tax £000	Other Provisions £000	Total £000
At 1 January 2005	27,729	11,472	39,201
Arising during the year	(3,006)	9,271	6,263
Arising on acquisitions and transfer of trade	-	50	50
Utilised	-	(1,044)	(1,042)
Discount on timing differences	1,377	-	1,377
<b>At 31 December 2005</b>	<b>26,100</b>	<b>19,749</b>	<b>45,849</b>

	2005 £000	2004 £000
Deferred tax:		
Tax on the excess of capital allowances over depreciation	47,489	44,890
Other timing differences	(11,949)	(6,344)
Undiscounted provision	35,540	38,546
Discount	(9,440)	(10,817)
Discounted provision	26,100	27,729

No provision has been included in the deferred tax provision for any potential tax which may arise in the event of any assets, which are included in the accounts at a figure in excess of original cost, being realised at that higher figure as these assets are held for the purpose of the business.

Other provisions mainly comprise amounts representing the estimated present value of future liabilities for the eventual restoration costs of quarries.

**19 Share capital**

	2005 £000	2004 £000
<b>Authorised:</b>		
33,000,000 Ordinary shares of £1 each	33,000	33,000
<b>Allotted, called up and fully paid:</b>		
100,300 Ordinary shares of £1 each	100	100

**Notes (continued)**

**20 Reserves**

	<b>Share Premium £000</b>	<b>Revaluation Reserve £000</b>	<b>Profit and loss account £000</b>
1 January 2005	32,791	10,354	64,548
Revaluation	-	418,368	-
Amortisation of revaluation reserve	-	(12,400)	12,400
Profit for the financial year	-	-	15,638
Dividends paid (note 10)	-	-	(175)
<b>At 31 December 2005</b>	<b>32,791</b>	<b>416,322</b>	<b>92,411</b>

**21 Reconciliation of movement in shareholders' funds**

	<b>2005 £000</b>	<b>2004 £000</b>
Profit for the financial year	15,638	46,739
Dividends	(175)	(41,353)
Revaluation	418,368	-
	<b>433,831</b>	<b>5,386</b>
Opening shareholders' funds	<b>107,793</b>	<b>102,407</b>
Closing shareholders' funds	<b>541,624</b>	<b>107,793</b>

## Notes (continued)

### 22 Acquisitions

The total fair value of acquisitions of trade and assets in the year is analysed below

	Book Value	Adjustments	Fair Value
	£000	£000	£000
Fixed assets – acquisitions	735	180	915
Fixed assets – transfer of trade	1,311	-	1,311
Goodwill	98	(98)	-
Investment in subsidiaries – transfer of trade	1	-	1
Stock	2,169	(20)	2,149
Debtors	611	-	611
Creditors	(3,902)	(163)	(4,065)
Provisions	-	(50)	(50)
	<hr/>	<hr/>	<hr/>
Net assets acquired	1,023	(151)	872
	<hr/>	<hr/>	<hr/>
Goodwill			835
			<hr/>
Total cash consideration			1,707
			<hr/>

### 23 Pensions

The company participates in both a defined benefit pension scheme, as well as a money purchase scheme.

The company participates in a funded UK wide pension scheme providing benefits based on final pensionable pay. Valuations are prepared by an independent actuary using the projected unit method. The latest valuation was made as at 5 April 2005 updated to 31 December 2005.

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 “Retirement benefits” the scheme is being accounted for by the company as if the scheme was a defined contribution scheme. At 31 December 2005 on the calculation basis required by FRS17, the Group scheme had assets amounting to £318m and a net deficit of £87m. Further details of these valuations are set out in the consolidated financial statements of the parent company, Aggregate Industries Limited.

The pension cost charge for the year represents contributions payable by the company in respect of Group schemes and amounted to £10,240,000 (2004: £10,224,000). At the year end, contributions amounting to £834,000 (2004: £854,000) were payable to Group schemes and are included in creditors.



## Notes (continued)

### 24 Contingent liabilities

#### (a) Guarantees of group companies borrowings

There is a contingent liability for the overdrafts of certain fellow subsidiary companies to the extent of the company's bank balance.

- (b) Performance bonds and government grants repayable, entered into in the normal course of business from which it is anticipated that no material liability will arise, amounted to £7.9 million (2004: £7.0 million).

### 25 Leasing commitments

Operating lease commitments held under non-cancellable agreements are summarised as follows:

	Land and buildings		Other	
	2005 £0000	2004 £000	2005 £0000	2004 £000
Annual commitments under operating leases which expire:				
Within one year	-	151	2,656	1,725
Between two and five years	564	885	4,606	6,474
After five years	3,697	4,968	42	-
	<u>4,261</u>	<u>6,007</u>	<u>7,304</u>	<u>8,209</u>

### 26 Related party transactions

During 2005, the company had the following transactions with certain of its joint ventures:

- i) Included within turnover is an amount of £9.5 million (2004: £9.9 million) in respect of sales and services provided to joint ventures. Included within net operating costs is £1.4 million (2004: £1.5 million) in respect of goods and services purchased from joint ventures. At the year end, amounts owed from and amounts owed to joint ventures amounted to £0.7 million and £0.2 million respectively.
- ii) In 2005, the company loaned £0.3m to a joint venture, Simply Paving Limited, all of which remained outstanding at the year end.
- iii) In 1999, the company loaned NOK 10 million to Halsvik Aggregates AS, a joint venture held by a fellow subsidiary. NOK 10 million was outstanding at the year end.

There were no other transactions of a material nature which require disclosure.

### 27 Ultimate parent undertaking

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

The ultimate parent undertaking is Holcim Limited which is incorporated in Switzerland.

Copies of the accounts of Holcim Limited are available on [www.holcim.com](http://www.holcim.com) or from Holcim Limited Corporate Communications, Zurcherstrasse 156, CH-8645 Jona, Switzerland.