

TARMAC INDUSTRIAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1987

TARMAC INDUSTRIAL PRODUCTS LTD.  
2000 WILKINSON ROAD  
TILTON  
WEST MIDLANDS  
DY4 7XE

31 DEC 1987

COMPANY NO: 553320

## TARMAC INDUSTRIAL PRODUCTS LIMITED

### DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 1987.

### RESULT AND DIVIDEND

The profit for the year after taxation amounted to £7,749,356. After a dividend of £6,640,928, the balance of £1,088,428 has been transferred to reserves.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is principally an investment holding company providing management, administration and development services.

The operating subsidiary companies continue to be engaged in the manufacture and application of products mainly for the building trade.

During the year the company acquired the whole of the issued share capital of the following companies:

Tarmac Industrial Holdings Limited - a fellow subsidiary of Tarmac PLC  
 Feb International PLC  
 Evede Roofing Limited  
 Evede Joint Sealing Limited  
 British Roof Mart Limited  
 Coverguard Limited

The company also purchased 51% of the issued share capital of Tokurat Insulations Limited

### DIRECTORS

The directors at the end of the year and their interests in the share capital of Tarmac PLC are set out below. The interests of those directors who are also directors of Tarmac PLC are shown in the Directors' Report of that company.

		At 1 January 1987 or later date of appointment		At 31 December 1987	
		Ordinary Shares	Share Options	Ordinary Shares	Share Options
Sir Eric J Fountain	----- Director of Tarmac PLC-----				
R W Baker	(Appointed 21 May 1987)	-----	Director of Tarmac PLC-----		
D T Carr	(Appointed 21 May 1987)	-----	Director of Tarmac PLC-----		
T H Mason	(Appointed 21 May 1987)	-----	Director of Tarmac PLC-----		
I G S McPherson		12,700	21,000	21,400	85,000
The Lord Stafford	(Appointed 28 April 1987)	-	-	-	-
W K Jackson	(Appointed 15 May 1987)	600	15,112	1,200	30,112
C J Myatt	(Appointed 15 May 1987)	4,000	12,000	4,000	41,000
D T Watson	(Appointed 15 May 1987)	-	-	-	-

P B Woodman, S C Beecham and M J Ray resigned on 6 March 1987, 30 April 1987 and 31 August 1987 respectively.

No director had any beneficial interest in the share or loan capital of any subsidiary of Tarmac PLC.

TARMAC INDUSTRIAL PRODUCTS LIMITED

DIRECTORS' REPORT (continued)

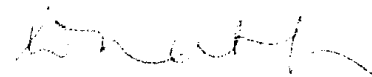
SIGNIFICANT CHANGES IN FIXED ASSETS

The details of the movement of tangible fixed assets are shown in note 10 of the financial statements.

AUDITORS

In accordance with Section 384(i) of the Companies Act 1985, a resolution concerning the re-appointment of Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



W NASH  
Secretary

11 March 1988

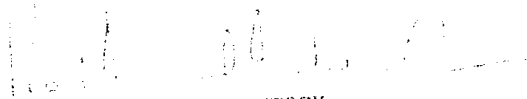
TARMAC INDUSTRIAL PRODUCTS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF TARMAC INDUSTRIAL PRODUCTS LIMITED

We have audited the financial statements on pages 6 to 16 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1987 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.



PEAT MARWICK McLINTOCK  
Chartered Accountants  
Birmingham

11 March 1988

TARMAC INDUSTRIAL PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1987

	Notes	£	1986 £
OPERATING PROFIT FOR THE YEAR	4	10,774,393	2,841,348
Interest receivable	5	151,793	81,429
Interest payable	6	(3,304,654)	(1,866,503)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	7,621,537	1,056,274
Taxation on profit on ordinary activities	9	107,819	(175,000)
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		7,729,356	871,274
Dividend paid		(6,640,928)	-
		-----	-----
PROFIT TRANSFERRED TO RESERVES	17	1,088,428	871,274
		=====	=====

TARMAC INDUSTRIAL PRODUCTS LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 1987

	Notes	£	£
FIXED ASSETS			
Tangible assets	10	1,054,502	883,984
Investments	11	52,312,805	40,555,976
		53,367,307	41,439,960
CURRENT ASSETS			
Debtors	12	32,666,113	14,138,834
Cash at bank and in hand		13,848	13,092
		32,979,961	14,151,926
CREDITORS: amounts falling due within one year	13	(6,984,679)	(3,070,285)
NET CURRENT ASSETS		25,995,282	11,081,641
TOTAL ASSETS LESS CURRENT LIABILITIES		79,362,589	52,521,601
CREDITORS: amounts falling due after more than one year	14	(76,283,244)	(50,686,715)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(230,658)	-
		2,848,687	1,834,886
CAPITAL AND RESERVES			
Called up share capital	16	200,000	200,000
Revaluation reserve	17	576,276	576,276
Profit and loss account	17	2,072,411	1,058,610
		2,848,687	1,834,886

These financial statements were approved by the Board of directors on 11 March 1988.

C J Myatt

D T Watson

*[Handwritten signatures]*

DIRECTORS

## TARMAC INDUSTRIAL PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1987

#### 1. ACCOUNTING POLICIES

##### Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of certain assets.

##### Depreciation

Depreciation is based on historic cost or revaluation and calculated on a straight line basis. Freehold land is not depreciated and other fixed assets are written off over their estimated useful lives. The lives used are as follows:

Freehold buildings	up to 50 years
Leasehold property - long term	up to 50 years
- short term	period of lease
Plant, machinery and vehicles	from 3 to 15 years depending on expected life

##### Regional Development Grants

Regional Development Grants are credited to the profit and loss account over the estimated useful life of the assets concerned.

##### Deferred Taxation

Deferred taxation is provided on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferral will continue for the foreseeable future.

##### Exchange Rates

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the transaction dates. Balances outstanding at year end and denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

##### Operating Leases

Operating lease costs are charged to the profit and loss account as they are incurred. Assets which are subject to operating leases are not recorded in the balance sheet.

## TARMAC INDUSTRIAL PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 1987

#### 1. ACCOUNTING POLICIES (continued)

##### Stocks and work in Progress

These are valued at the lower of cost and net realisable value. Cost includes direct materials and labour costs and also those overheads that have been incurred in bringing the stock to its present location and condition.

##### Consolidated Accounts

Group accounts have not been prepared as the company is wholly owned subsidiary of another body corporate.

In the opinion of the directors, the valuation of investments in subsidiary companies at 31 December 1987 is not less than the amount at which they are stated in the balance sheet.

##### Source and Application of Funds

The company does not prepare a statement of source and application of funds as the Directors do not consider this statement appropriate to a wholly owned subsidiary.

#### 2. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Tarmac PLC incorporated in England.

#### 3. FLOATING CHARGE

A first floating charge has been created on the assets and undertaking of the company as collateral security for the issue of the following debenture stocks by Tarmac PLC:

£1,820,852	7.50%	1987/92
£1,131,543	6.25%	1989/94
£ 560,935	6.75%	1989/94
£1,399,171	7.50%	1992/97



TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

4. OPERATING PROFIT FOR THE YEAR	£	1986 £
Income net of administrative expenses	2,372,563	2,012,362
Net amounts credited to/(written off) loans to and investments in group companies	266,997	(1,801,184)
	2,639,560	211,178
Income from shares in group companies	8,134,838	2,620,170
	10,774,398	2,831,348
	=====	=====
5. INTEREST RECEIVABLE		
From group companies	26,535	65,775
Other interest receivable	125,258	15,654
	151,793	81,429
	=====	=====
6. INTEREST PAYABLE		
To group companies	2,740,113	1,176,212
On bank loans and overdrafts	-	50,097
On other loans wholly repayable within five years	563,106	638,958
Other interest payable	1,435	1,236
	3,304,654	1,866,503
	=====	=====
7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION has been arrived at after charging/(crediting):		
Depreciation (note 10)	69,649	62,216
Audit fee	19,325	17,135
Refund of pension contributions	(719,000)	(614,000)
Directors' remuneration (note 8)	376,738	150,314
	=====	=====

TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

	£	1986 £
8. DIRECTORS AND EMPLOYEES		
Staff costs during the year amounted to:		
Wages and salaries	548,030	432,622
Social security costs	27,633	29,709
Other pension costs	43,061	50,384
	-----	-----
	618,724	512,715
	=====	=====
The average number of employees during the year was:	NUMBER	NUMBER
United Kingdom - Administration	20	20
	==	==
Directors' remuneration:	£	£
Fees	5,365	-
Management remuneration	269,934	118,181
Compensation for loss of office	101,439	32,133
	-----	-----
	376,738	150,314
	=====	=====
Excluding pension contributions and compensation for loss of office, the remuneration of the directors was as follows:		
Chairman	N11	N11
	==	==
Highest paid director	85,559	62,032
	=====	=====
Remuneration of the other directors was within the following ranges:	NUMBER	NUMBER
£0 - £5,000	3	3
£ 5,001 - £10,000	1	-
£15,001 - £20,000	2	-
£20,001 - £25,000	2	-
£25,001 - £30,000	1	-
£30,001 - £35,000	1	1

TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

	£	1986
9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
Group relief receivable based on the profit for the year (as adjusted for taxation) at 35% (128,000)		-
United Kingdom Corporation Tax based on the profit for the year at 36.25%	-	175,000
Adjustment in respect of prior years	20,181	-
	(107,819)	175,000
	=====	=====

The corporation tax charge has been reduced by £38,500 (1986:£54,700) in respect of capital allowances and other timing differences for which no deferred taxation provision is required.

TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

	£	1986 £
10. TANGIBLE FIXED ASSETS (continued)		
The gross book value of land and buildings comprises:		
Historic cost	310,500	209,500
Valuation at 31 December 1985	580,000	580,000
	-----	-----
Gross book value at 31 December 1987	896,500	789,500
	*****	*****
If land and buildings had not been included at valuation they would have been included at the following amounts:		
Historic cost	1,152,078	1,045,078
Accumulated depreciation	(17,873)	(7,624)
	-----	-----
Net book value at 31 December 1987	1,134,205	1,037,454
	*****	*****
The amount of depreciation provided in the year to 31 December 1987 is reconciled with the charge in the Profit and Loss Account (note 7) as follows:		
Provision for the year as above	70,027	90,182
Depreciation previously provided and now no longer required	(448)	(27,969)
	-----	-----
	69,649	62,216
	*****	*****
Analysis of the depreciation charge per the Profit and Loss Account for the year		
Leasehold buildings	10,249	7,624
Plant and equipment	59,400	54,592
	-----	-----
	69,649	62,216
	*****	*****

# TARMAC INDUSTRIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 1987

11. INVESTMENTS	Shares in group companies	Shares in related company	Total
	£	£	£
COST			
At 1 January 1987	57,009,765	-	57,009,765
Acquisitions	9,751,082	-	9,751,082
Group transfers	2,730,261	40	2,730,301
Disposals	(689,097)	-	(689,097)
Conversion of loan capital	46,154	-	46,154
	-----	-----	-----
At 31 December 1987	68,848,165	40	68,848,205
	-----	-----	-----
PROVISIONS AGAINST COST			
At 1 January 1987	16,453,789	-	16,453,789
Group transfers	81,61	-	81,611
	-----	-----	-----
At 31 December 1987	16,535,400	-	16,535,400
	-----	-----	-----
NET BOOK VALUE AT:			
31 December 1987	52,312,765	40	52,312,805
	-----	-----	-----
31 December 1986	40,555,976	-	40,555,976
	-----	-----	-----
PRINCIPAL SUBSIDIARY COMPANIES (all wholly owned)	Country of incorporation	Identity of shares held	
Owned by the company:			
Aquaseel Limited	England	Ordinary	
Briggs Amasco Limited	Scotland	Ordinary	
Feb International Limited	England	Ordinary	
Neuchatel Holdings BV	Netherlands	Ordinary	
TBP Industries Limited	England	Ordinary	
Owned by subsidiary:			
Tarmac Roofing Systems Inc	USA	Common Stock	
Irish Roofing Felts Limited	Ireland	Ordinary	
Neuchatel Asphalte SA	Switzerland	Ordinary	
Societe de Pavage et des Asphaltes de Paris SA (SPAPA)	France	Ordinary	
RELATED COMPANY			

The company owns 40% of the issued share capital of Velmac Limited. Velmac Limited did not trade during the year and its aggregate share capital and reserves as at 31 December 1987 amounted to £100.

TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

	£	1986 £
12. DEBTORS		
Amounts owed by subsidiaries	32,202,818	12,513,110
Amounts owed by other group companies	38,888	586,034
Amounts owed by related companies	8,750	48,227
Group relief	128,000	325,378
Other debtors	562,107	660,149
Prepayments and accrued income	25,550	936
	32,966,113	14,135,834
	=====	=====
Included in the above are debtors falling due after more than one year:		
Amounts owed by subsidiaries	27,268,045	12,094,705
	=====	=====
13. CREDITORS: amounts falling due within one year		
Amounts owed to subsidiaries	499,867	729,938
Amounts owed to other group companies	4,463,775	293,934
Amounts owed to related companies	19,699	28,118
Corporation tax	1,315,588	1,118,766
Social security and other taxation	408,094	363,481
Other creditors	49,080	107,513
Accruals and deferred income	158,576	428,535
	6,949,679	3,070,285
	=====	=====
14. CREDITORS: amounts falling due after more than one year		
Amounts owed to subsidiaries	27,204,091	7,697,397
Amounts owed to other group companies	49,079,153	42,989,318
	76,283,244	50,686,715
	=====	=====

TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Provisions £	
At 1 January 1987	-	
Transfer from profit and loss account	230,658	
	<hr/>	
At 31 December 1987	230,658	
	=====	
	£	1986 £
The potential deferred taxation on all timing differences other than arising on revaluation is as follows:		
Accelerated capital allowances	7,000	9,000
Other timing differences	(138,500)	(52,000)
	<hr/>	<hr/>
	(131,500)	(43,000)
	=====	=====

16. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid		
200,000 ordinary shares of £1 each	200,000	200,000
	=====	=====

17. RESERVES

	Revaluation Reserve £	Profit & Loss £	Total Reserves £
At 1 January 1987	576,276	1,058,610	1,634,886
Retained profit for the year	-	1,088,428	1,088,428
Exchange rate movements	-	(74,627)	(74,627)
	<hr/>	<hr/>	<hr/>
At 31 December 1987	576,276	2,072,411	2,648,687
	=====	=====	=====

TARMAC INDUSTRIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 1987

18. FINANCIAL AND CAPITAL COMMITMENTS

Annual commitments under non-cancellable  
operating leases:

			1986	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Operating leases which expire:				
Within one year	-	4,295	-	10,452
In second to fifth years	-	40,401	-	49,543
In more than five years	28,500	-	4,400	-
	<u>28,500</u>	<u>44,696</u>	<u>4,400</u>	<u>59,995</u>
	=====	=====	=====	=====

There were no commitments for capital expenditure at the balance sheet date (1986: £Nil).

The majority of leases on land and buildings are subject to rent reviews.



## **NOTICE OF ILLEGIBLE DOCUMENT ON THE MICROFICHE RECORD**

**Companies House regrets that the microfiche record for this company contains some data which is illegible.**

**The poor quality has been noted but unfortunately the steps taken to improve the quality have been unsuccessful.**

**Companies House would like to apologise for any inconvenience this may cause.**