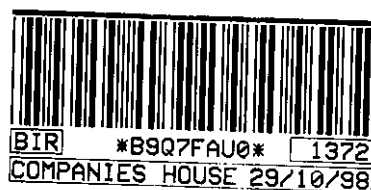


## **Tarmac International (Civil Engineering) Limited**

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

31 December 1997

Registered number 2034158



## **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 1997.

### Principal activity

The company had an interest in a contract in Hong Kong. Following the acquisition of Wimpey Construction activities during 1996, the beneficial ownership of the contract in which the company had an interest was transferred to Tarmac Construction (Contracts) International Limited.

### Business review and future developments

The company had turnover in the year of £Nil (1996: £33,500) with a loss before tax of £1,000 (1996: £1,000).

The directors anticipate that the company will not trade in the foreseeable future.

### Proposed dividend

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

### Directors and directors' interests

The directors serving during the year were:

DO FitzHugh  
EG Barron  
KF Bates  
EJ Bridgewood  
DH Watkinson  
E McEwan

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

	At 31 December 1997		Number of 50p ordinary shares At 1 January 1997		Share option movements in year		
	Fully paid	Share options	Fully paid	Share options	granted	exercised	lapsed
DO FitzHugh	10,976	194,345	10,976	185,593	29,521	-	20,769
EG Barron	3,471	129,846	3,471	127,429	8,712	-	6,295
KF Bates	-	136,124	-	87,412	48,712	-	-
EJ Bridgewood	1,865	109,655	1,865	91,900	28,142	-	10,387
DH Watkinson	-	87,878	-	40,000	47,878	-	-

No director was beneficially interested in the loan capital of Tarmac PLC.

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

## **Directors' report** *(continued)*

### **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 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 a 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 at the forthcoming annual general meeting to re-appoint KPMG Audit Plc for the forthcoming year.

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 Audit Plc

2 Cornwall Street  
Birmingham  
B3 2DL

## **Report of the auditors to the members of Tarmac International (Civil Engineering) Limited**

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

### ***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.

A handwritten signature in dark ink, appearing to read 'V. M. A. P.', written over a light blue horizontal line.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

23 March 1998

## **Profit and loss account**

*for the year ended 31 December 1997.*

	<i>Note</i>	1997 £	1996 £
Turnover	2	-	33,500
Cost of sales		-	(33,500)
		<hr/>	<hr/>
<b>Gross profit</b>		-	-
Administration expenses		(1,000)	(1,000)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	4	(1,000)	(1,000)
Tax on loss on ordinary activities	5	(56,382)	1,000
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>		(57,382)	-
		<hr/> <hr/>	<hr/> <hr/>

Movements in reserves are shown at note 10.

The above results are all derived from discontinued operations.


In both the current and preceding years, there was no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

## Balance sheet

at 31 December 1997

	<i>Note</i>	1997 £	1996 £
<b>Current assets</b>			
Debtors	6	4,907,337	4,935,217
Cash at bank and in hand		104,604	671,444
		<hr/>	<hr/>
		5,011,941	5,606,661
<b>Creditors: amounts falling due within one year</b>	8	(5,081,055)	(5,618,393)
		<hr/>	<hr/>
<b>Net liabilities</b>		(69,114)	(11,732)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	100,000	100,000
Profit and loss account	10	(169,114)	(111,732)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		(69,114)	(11,732)
		<hr/>	<hr/>

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

  
**EJ Bridgewood**  
*Director*

## Statement of total recognised gains and losses

*for the year ended 31 December 1997*

	1997 £	1996 £
Retained loss for the financial year	(57,382)	-
Currency adjustments	-	(3,499)
	<hr/>	<hr/>
<b>Total losses recognised since last annual report</b>	<b>(57,382)</b>	<b>(3,499)</b>
	<hr/> <hr/>	<hr/> <hr/>

## Reconciliation of movement in shareholders' funds

*for the year ended 31 December 1997*

	1997 £	1996 £
Retained loss for the financial year	(57,382)	-
Other recognised gains and losses relating to the year	-	(3,499)
	<hr/>	<hr/>
<b>Net decrease in shareholders' funds</b>	<b>(57,382)</b>	<b>(3,499)</b>
Opening shareholders' funds	(11,732)	(8,233)
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>(69,114)</b>	<b>(11,732)</b>
	<hr/> <hr/>	<hr/> <hr/>



## **Notes**

*(forming part of the financial statements)*

### **Principal 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 accounting***

These financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention. The shareholders have confirmed their willingness to continue to provide support to the above company for a period of at least twelve months in order to enable the company to continue to trade and pay its debts as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### ***Long term contracts***

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. The profit on each individual contract is the lower of profit earned to date and that forecast at completion. Payments received on account of contracts are deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

#### ***Foreign currencies***

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

#### ***Cash flow statement***

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that Tarmac PLC, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement.

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

Deferred taxation calculated using the liability method is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallise in the foreseeable future.

### **Turnover**

Turnover is stated exclusive of value added tax and represents the value of work executed during the period to February 1996 in Asia. It also includes the company's proportion of work carried out by unincorporated joint ventures during the year.

### **Directors' emoluments**

The directors, being the only employees have neither received nor waived any remuneration during the year (1996: £Nil).

## Notes (continued)

### Loss on ordinary activities before taxation

	1997	1996
	£	£
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration - audit work	1,000	1,000
	<u>          </u>	<u>          </u>

### Tax on loss on ordinary activities

The taxation charge/(credit) based on the loss for the year comprises:

	1997	1996
	£	£
Corporation tax	-	(630)
Group relief payable	(315)	(370)
Transfer to deferred tax	19,124	-
Other - in respect of previous years	37,573	-
	<u>          </u>	<u>          </u>
	56,382	(1,000)
	<u>          </u>	<u>          </u>

The company has received corporation tax losses from fellow subsidiary undertakings for which it has made payment.

### Debtors

	1997	1996
	£	£
Amounts owed by parent company	4,608,279	4,608,279
Prepayments and accrued income	4,258	4,258
Corporation tax recoverable	17,800	26,146
Group tax relief	-	410
	<u>          </u>	<u>          </u>
Amounts falling due within one year	4,630,337	4,639,093
Deferred taxation (note 7)	277,000	296,124
	<u>          </u>	<u>          </u>
Total debtors	4,907,337	4,935,217
	<u>          </u>	<u>          </u>

## Notes (continued)

### Deferred taxation

The movement on the deferred taxation asset was as follows:

	£
At beginning of year	296,124
Transfer from profit and loss account	(19,124)
	<hr/>
At end of year	277,000
	<hr/> <hr/>

The amounts recognised for deferred taxation and amounts not recognised are set out below:

	Amounts recognised	
	1997	1996
	£	£
Other timing differences	277,000	296,124
	<hr/>	<hr/>

The asset above represents the full deferred taxation asset. The asset is recognised as the other timing differences are expected to reverse in the foreseeable future.

### Creditors: amounts falling due within one year

	1997	1996
	£	£
Amounts owed to parent undertaking	4,959,912	4,947,731
Amounts owed to fellow subsidiary undertaking	101,842	103,197
Accruals and deferred income	1,980	1,000
Group taxation relief	17,321	-
Other creditors	-	566,465
	<hr/>	<hr/>
	5,081,055	5,618,393
	<hr/> <hr/>	<hr/> <hr/>

### Called up share capital

	1997	1996
<i>Authorised:</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 10 Profit and loss account

	1997 £	1996 £
Profit and loss account brought forward	(111,732)	(108,233)
Retained loss for the financial year	(57,382)	-
Unrealised exchange loss	-	(3,499)
	<hr/>	<hr/>
<b>Profit and loss account carried forward</b>	<b>(169,114)</b>	<b>(111,732)</b>
	<hr/> <hr/>	<hr/> <hr/>

### 1 Related party transactions

As a 100% owned subsidiary of Tarmac PLC, the company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the Tarmac group. Note 12 gives details of how to obtain a copy of the published financial statements of Tarmac PLC.

### 2 Parent companies

The company's immediate parent company is Tarmac Construction Limited, whilst the company's ultimate parent company is Tarmac PLC, both of which are incorporated in Great Britain and registered in England and Wales.

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