

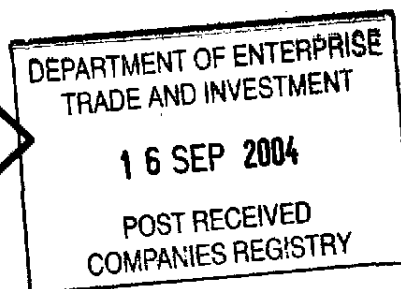
Company Registration No. 453791



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**Deloitte  
& Touche**

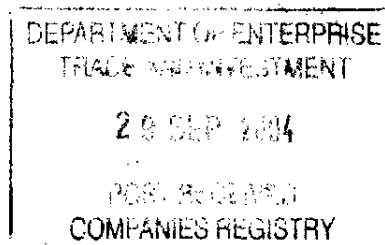
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**TARMAC LIMITED**  
(formerly Tarmac Heavy Building Materials  
UK Limited)

**Report and Financial Statements**

**31 December 2000**



**Deloitte & Touche**  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN

**REPORT AND FINANCIAL STATEMENTS 2000**

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## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### **PRINCIPAL ACTIVITIES**

The company operates in the United Kingdom, exploiting resources of stone and sand and gravel to satisfy the needs of the building and construction industries for crushed and graded aggregates. It has also developed a major business producing asphalt, has a large road surfacing organisation and owns or controls substantial reserves of strategically located mineral reserves through the United Kingdom. To complement these activities the company also produces ready mixed concrete and other cement based products and manufactures concrete blocks, pre-cast concrete and general concrete products.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The performance of the company in 2000 was disappointing, mainly as a result of the deterioration which occurred in the UK Construction materials market and cost pressures resulting from higher oil prices. The main aggregates, asphalt, ready mixed concrete and concrete products businesses all experienced subdued demand, which was exacerbated by the Autumn fuel crisis and bad weather conditions. Further to restructuring of the business on 1 January 2001 and expected trading conditions, the directors anticipate improved results in the year ahead.

### **SIGNIFICANT EVENTS**

On 1 March 2000, an offer by Anglo American plc to acquire the whole of the issued and to be issued share capital of the company was declared wholly unconditional. Anglo American plc then became the ultimate parent company at that date. Anglo American plc completed its acquisition of all the issued share capital on 26 April 2000.

Tarmac plc was delisted from the UK Listing Authority on 4 May 2000.

Tarmac plc changed its name to Tarmac Group Limited on 29 September 2000 and re-registered as a private limited company at the same date.

### **POST BALANCE SHEET EVENTS**

On 1 January 2001, the company hived up the trade and net asset of Tarmac Northern Limited, Tarmac Central Limited and Tarmac Western Limited

### **DIVIDENDS AND RESERVES**

The directors do not recommend a dividend for the year (1999 - £Nil). The loss for the year after taxation of £84.3m (1999 - profit £47.8 million) has been transferred from / to reserves.

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were:

|                    |  |
|--------------------|--|
| D Blount           |  |
| G W Bolsover       | (resigned 13 March 2000)                               |
| J F Bowater        |  |
| K Bryan            | (resigned 13 March 2000)                               |
| D C Cather         | (appointed 1 January 2001)                             |
| J M Evans          | (appointed 1 January 2001)                             |
| D J Glenn          | (appointed 7 November 2000, resigned 11 November 2000) |
| G S Greenhalgh     | (appointed 1 January 2001)                             |
| P Gwilt            | (appointed 1 January 2001)                             |
| T C Hall           | (appointed 1 January 2001)                             |
| R J Harrison       | (resigned 13 March 2000)                               |
| S J Hoe-Richardson | (appointed 7 November 2000, resigned 11 November 2000) |
| F K J Jackson      | (appointed 1 January 2001)                             |
| C C James          | (appointed 1 January 2001)                             |
| K A Riley          | (appointed 1 January 2001)                             |
| T R Last           | (appointed 1 May 2001)                                 |
| R S Robertson      | (appointed 1 January 2001)                             |
| P B Rothwell       | (resigned 29 June 2001)                                |

No director who held office at the end of the year had any interest in the loan or share capital of Tarmac Limited.

The interests of J F Bowater and P B Rothwell in the share capital, including share options, of Tarmac Group Limited (formerly Tarmac plc) for the period from 1 January 2000 until the change of ultimate parent company and the interests in the share capital, including share options, of Anglo American plc for the period during which it was the ultimate parent company are shown in the accounts of Tarmac Group Limited.

The interests in the share capital of Tarmac Group Limited (formerly Tarmac plc) of D Blount for the period from 1 January 2000 until the change of ultimate parent company are shown below:

| Ordinary shares of 90 pence | 1 January 2000  |               | 28 February 2000 |               | Share Option Movement during the period |           |
|-----------------------------|-----------------|---------------|------------------|---------------|---|-----------|
|                             | Ordinary shares | Share Options | Ordinary shares  | Share Options | Granted                                 | Exercised |
| Tarmac Group Limited        |                 |               |                  |               |   |           |
| D Blount                    | 12,619          | 42,147        | 12,781           | 42,147        | -                                       | -         |

On 1 March 2000, the directors accepted the offer by Anglo American plc in respect of their holdings of both shares and options in Tarmac plc. The shares and share options were converted to cash or shares or share options in Anglo American plc..

## DIRECTORS' REPORT

The interests in the share capital of Anglo American plc of D Blount for the period during which it was the ultimate holding company of Tarmac Group Limited (formerly Tarmac Plc) are shown below:

| Ordinary shares of 50 cents | 1 March 2000    |               | 31 December 2000 |               | Share Option Movement during the period |           |
|-----------------------------|-----------------|---------------|------------------|---------------|---|-----------|
|                             | Ordinary shares | Share Options | Ordinary shares  | Share Options | Granted                                 | Exercised |
| Anglo American plc          |                 |               |                  |               |   |           |
| D Blount                    | -               | -             | -                | 3,749         | 3,749                                   | -         |

Details of the share option arrangements can be found in the Anglo American plc annual report. Information regarding the share options of D Blount are given below:

ESOS - Option price £30.62, exercisable from 23 March 2003 to 22 March 2010, re 3250 shares

SAYE - Option price £19.38, exercisable from 1 July 2003 to 31 December 2003, re 499 Shares

## EMPLOYEES

It is common policy to communicate with and involve employees on matters affecting their interests at work and to inform them of the performance of the business. The company adopts such employee consultation as is appropriate, including consultative committees, training and development and communication programmes. The information is complemented by the group newspaper, "Tarmac World".

It is also company policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and, wherever possible, to re-train employees who become disabled so that they can continue their employment.

## CREDITOR PAYMENT POLICY

The company does not follow any particular code or standard on payment practice. The company's policy with regard to payment of suppliers is to agree terms and conditions for its transactions with its suppliers. Payment is generally made on these terms, providing the suppliers meet their obligations to the company's satisfaction. At the year end, there were 59 days (1999 - 57 days) purchases in trade creditors.

## CHARITABLE DONATIONS

The company made donations to UK charities of £32,000 (1999 - £36,000) during the year.

## AUDITORS

KPMG Audit Plc resigned as auditor of the company on 20 November 2000 and Deloitte & Touche were appointed in their place by the directors on 8 December 2000. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



J F BOWATER

Director

Millfields Road  
Ettingshall  
Wolverhampton  
WV4 6JD

## **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 as at the end of the financial year and of the profit or loss of the company 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 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.



## AUDITORS' REPORT TO THE MEMBERS OF

### TARMAC LIMITED

(formerly Tarmac Heavy Building Materials UK Limited)

We have audited the financial statements on pages 6 to 23 which have been prepared under the accounting policies set out on pages 9 and 10.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

26 October 2001

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2000**

|   | Note | 2000<br>£000 | 1999<br>£000 |
|---|------|--------------|--------------|
| <b>TURNOVER</b>   | 1    | 859,669      | 797,358      |
| Cost of sales   |      | (633,284)    | (528,234)    |
| Gross profit  |      | 226,385      | 269,124      |
| Other expenses, including Exceptional items   | 3, 5 | (288,161)    | (198,482)    |
| Other operating income  |      | -            | 3,370        |
| <b>OPERATING (LOSS)/ PROFIT</b>   |      | (61,776)     | 74,012       |
| Income from shares in group undertakings  |      | 1,695        | 14,019       |
| Income from joint venture   |      | (2,400)      | 2,821        |
| Income from associated undertakings   |      | 588          | 881          |
| <b>(LOSS)/PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE INTEREST</b>   |      | (61,893)     | 91,733       |
| Net interest payable and similar charges  | 6    | (13,819)     | (19,279)     |
| <b>(LOSS)/PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b>   | 7    | (75,712)     | 72,454       |
| Tax on (loss)/profit on ordinary activities   | 8    | (8,548)      | (24,665)     |
| <b>(LOSS)/PROFIT ON ORDINARY<br/>ACTIVITIES AFTER TAXATION<br/>BEING (LOSS)/PROFIT FOR THE<br/>FINANCIAL YEAR</b> | 18   | (84,260)     | 47,789       |

All activities derive from continuing operations.

There are no recognised gains and losses other than the (loss)/profit for the financial years. Accordingly, no statement of total recognised gains and losses is given.



**TARMAC LIMITED**  
(formerly Tarmac Heavy Building Materials UK Limited)

**Deloitte  
& Touche**

**BALANCE SHEET**  
**31 December 2000**

|  | Note | 2000<br>£000     | 1999<br>£000     |
|--|------|------------------|------------------|
| <b>FIXED ASSETS</b>  |      |                  |                  |
| Intangible assets  | 9    | 21,334           | 15,902           |
| Tangible assets  | 10   | 508,318          | 569,909          |
| Investments  | 11   | 228,310          | 218,498          |
|  |      | <u>757,962</u>   | <u>804,309</u>   |
| <b>CURRENT ASSETS</b>  |      |                  |                  |
| Stocks   | 12   | 44,375           | 47,190           |
| Debtors - amounts due within one year                          | 13   | 195,480          | 204,852          |
| - amounts due greater than one year                            | 13   | 22,751           | 17,120           |
| Cash at bank and in hand                                       |      | 23,723           | 320              |
|  |      | <u>286,329</u>   | <u>269,482</u>   |
| <b>CREDITORS: amounts falling due within one year</b>          | 14   | <u>(239,331)</u> | <u>(230,164)</u> |
| <b>NET CURRENT ASSETS</b>                                      |      | <u>46,998</u>    | <u>39,318</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | 804,960          | 843,627          |
| <b>CREDITORS: amounts falling due after more than one year</b> | 15   | (562,057)        | (525,266)        |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  | 16   | <u>(34,282)</u>  | <u>(25,480)</u>  |
| <b>NET ASSETS</b>  |      | <u>208,621</u>   | <u>292,881</u>   |
| <b>CAPITAL AND RESERVES</b>                                    |      |                  |                  |
| Called up share capital  | 17   | 25,100           | 25,100           |
| Share premium account  | 18   | 125,000          | 125,000          |
| Revaluation reserve  | 18   | 74,048           | 89,581           |
| Profit and loss account  | 18   | (15,527)         | 53,200           |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                              | 19   | <u>208,621</u>   | <u>292,881</u>   |

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

25 October 2001

  
J F BOWATER  
Director

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 31 December 2000**

|   | <b>2000</b><br><b>£000</b> | <b>1999</b><br><b>£000</b> |
|---|----------------------------|----------------------------|
| Reported (loss)/profit on ordinary activities before taxation               | (75,712)                   | 72,454                     |
| Transfer of amount equivalent to additional depreciation on revalued assets | 11,000                     |                            |
| Realisation of revalued fixed assets gains                                  | 4,533                      | 1,120                      |
| Historical cost (loss)/profit on ordinary activities before taxation        | <u>(60,179)</u>            | <u>73,574</u>              |
| Historical cost (loss)/profit retained after taxation                       | <u>(68,727)</u>            | <u>48,909</u>              |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention adjusted for the revaluation of certain tangible fixed assets comprising a major part of the company's land, buildings and mineral reserves. The transitional provisions of FRS 15 have been adopted for the first time and the previously revalued assets are to be frozen at their modified historical cost.

**Group financial statements**

These financial statements present information about the company as an individual undertaking and not about its group. The company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group financial statements, being a wholly-owned subsidiary undertaking of Anglo American plc.

**Goodwill**

Until 31 December 1997, any goodwill, being the difference between the fair value of the purchase consideration and the fair value of the identifiable net assets of an acquired business, including an interest in an associated undertaking or joint venture, was written off to reserves on acquisition as a matter of accounting policy, and any such goodwill previously written off to reserves in respect of businesses disposed of during the year was included in the calculation of any profit or loss on disposal. From 1 January 1998, in accordance with FRS 10 "Goodwill and Intangible assets", such goodwill is capitalised and amortised in equal annual instalments over its useful service life of 20 years.

**Turnover**

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and, in respect of long term contracting activities, the value of work executed during the year.

**Tangible fixed assets**

Depreciation is based on historical cost or valuation, less the estimated residual values, and the estimated economic lives of the assets concerned. Freehold land is not depreciated. Mineral reserves are amortised over their estimated commercial life. Other tangible fixed assets are depreciated in equal annual instalments over the period of their estimated economic lives, which are principally as follows:

|                            |                 |
|----------------------------|-----------------|
| Freehold buildings         | 50 years        |
| Long leasehold properties  | 50 years        |
| Short leasehold properties | Period of lease |
| Plant and machinery        | 5 – 20 years    |
| Motor vehicles             | 4 – 7 years     |

**Restoration**

Provision is made for the net present value of the total estimated cost of restoring land where quarrying activities have been undertaken and there is an obligation to restore those sites. Where this provision gives access to future economic benefits, an asset is recognised, within debtors, which is charged to the profit and loss account over the life of a site.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**1. ACCOUNTING POLICIES (continued)**

**Leased assets**

Assets held under finance leases are capitalised and the capital element of future repayments included within creditors. Depreciation on such assets is charged to the profit and loss account over the shorter of the lease term and their useful life. Finance charges re allocated to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Operating lease rentals are charged to the profit and loss account in equal instalments over the life of the lease, except that provision is made for the expected net cost on vacant leasehold properties.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

**Contracts**

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. Profit for the year includes settlement of claims arising on contracts completed in prior years. 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.

**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.

**Pensions**

For defined benefit schemes, regular pension costs are established in accordance with the recommendations of independent actuaries and are charged to the profit and loss account, based on the expected pension costs over the employees' service lives with the Tarmac plc group. The contributions represent the regular cost of providing the benefits without any recognition of the fund surpluses or deficit which are dealt with by Tarmac Holdings Limited. For defined contribution schemes, the amount charged against profit represents the contributions to the schemes in respect of the accounting period.

**Cash flow statement**

Under Financial Reporting Standard 1 "Cash Flow Statements", the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking and so no statement has been prepared.

**2. SEGMENTAL ANALYSIS OF TURNOVER AND OPERATING PROFIT**

During 1999 and 2000 the company had only one principal continuing class of business, being quarrying and production of construction materials, all originating and supplied within the United Kingdom.

**3. OTHER EXPENSES**

|                                |        | 2000<br>£000 | 1999<br>£000 |
|--------------------------------|--------|--------------|--------------|
| Distribution costs             |        | 139,504      | 138,908      |
| Other administration expenses  | 68,363 |              | -            |
| Exceptional items (see note 5) | 80,294 |              | -            |
|                                |        | <hr/>        | <hr/>        |
| Total administrative expenses  |        | 148,657      | 59,574       |
|                                |        | <hr/>        | <hr/>        |
|                                |        | 288,161      | 198,482      |
|                                |        | <hr/>        | <hr/>        |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

|   | 2000<br>£000 | 1999<br>£000 |
|---|--------------|--------------|
| <b>Directors' remuneration</b>  |              |              |
| Emoluments  | 135          | 467          |
|   | No.          | No.          |
| Number of directors who are members of defined benefit pension scheme | 1            | 5            |
|   | No.          | No.          |
| <b>Average number of persons employed</b>                             |              |              |
| Production and distribution   | 2,798        | 3,300        |
| Administration and selling  | 3,231        | 3,397        |
|   | 6,029        | 6,697        |
|   | £000         | £000         |
| <b>Staff costs during the year (including directors)</b>              |              |              |
| Wages and salaries  | 124,809      | 124,536      |
| Social security costs   | 11,743       | 11,763       |
| Other pension costs   | 8,222        | 7,311        |
|   | 144,774      | 143,610      |

**5. EXCEPTIONAL ITEMS**

|                                      | 2000<br>£000 |
|--------------------------------------|--------------|
| Impairment of fixed asset            | 24,683       |
| Rationalisation and redundancy costs | 55,611       |
|                                      | 80,294       |

The exceptional items relate to restructuring costs and the impairment of mineral reserves of the business following the acquisition of Anglo American Plc on 1 March 2000.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

|   | 2000<br>£000   | 1999<br>£000  |
|---|----------------|---------------|
| Interest payable to group undertakings        | 20,991         | 19,299        |
| Other interest payable                        | 8              | 9             |
| Finance lease charges                         | 149            | 297           |
| Unwinding of discount on provisions           | -              | 577           |
|   | <u>21,148</u>  | <u>20,182</u> |
| Interest receivable from group undertakings   | (2,604)        | (757)         |
| Other interest receivable                     | (32)           | (16)          |
|   | <u>(2,636)</u> | <u>(773)</u>  |
| Exchange gains on foreign currency borrowings | (4,693)        | (130)         |
| Net interest payable and similar charges      | <u>13,819</u>  | <u>19,279</u> |

**7. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

|  | 2000<br>£000 | 1999<br>£000 |
|--|--------------|--------------|
| (Loss)/profit on ordinary activities before taxation<br>is after charging/(crediting): |              |              |
| Depreciation and amortisation  |              |              |
| Owned assets   | 78,235       | 29,909       |
| Leased assets  | 1,200        | 1,700        |
| Goodwill amortisation  | 193          | 275          |
| Profit on disposal of fixed assets   | 3,512        | 1,425        |
| Hire of plant and machinery  | 40,825       | 39,031       |
| Rentals under operating leases   |              |              |
| Other operating leases   | 3,138        | 3,093        |
| Rents receivable   | (1,265)      | (1,780)      |
| Auditors' remuneration   |              |              |
| Audit fees   | 270          | 223          |
| Other services   | 147          | 214          |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

|  | <b>2000</b>  | <b>1999</b>   |
|--|--------------|---------------|
|  | <b>£000</b>  | <b>£000</b>   |
| Taxation charge based on the (loss)/profit for the year comprises: |              |               |
| Corporation tax at 30% (1999 – 30.25%)                             | -            | 9,945         |
| Deferred taxation  | 2,628        | 5,044         |
| Advance corporation tax written off                                | -            | 9,488         |
|  | <u>2,628</u> | <u>24,477</u> |
| Adjustments to prior years' tax provisions                         |              |               |
| Corporation tax  | 6,138        | (5,362)       |
| Group relief   | 2,526        | 5,656         |
| Deferred tax   | (2,744)      | 2,384         |
| Consortium relief  | -            | (2,490)       |
|  | <u>8,548</u> | <u>24,665</u> |

The tax credit is low due to losses not recognised.

**9. INTANGIBLE FIXED ASSETS**

|                                      | <b>Goodwill</b> |
|--------------------------------------|-----------------|
|                                      | <b>£000</b>     |
| <b>Cost</b>                          |                 |
| At 1 January 2000                    | 16,177          |
| Additions                            | 5,784           |
| Transfers to other group undertaking | (159)           |
|                                      | <u>21,802</u>   |
| At 31 December 2000                  |                 |
| <b>Accumulated depreciation</b>      |                 |
| At 1 January 2000                    | 275             |
| Charge for the year                  | 193             |
|                                      | <u>468</u>      |
| At 31 December 2000                  |                 |
| <b>Net book value</b>                |                 |
| At 31 December 2000                  | <u>21,334</u>   |
| At 31 December 1999                  | <u>15,902</u>   |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**9. INTANGIBLE FIXED ASSETS (continued)**

The principal acquisition's during the year were as follows:

|                                      | <b>Tarmac<br/>(South<br/>Western)<br/>£000</b> | <b>Other<br/>£000</b> | <b>Total<br/>£000</b> |
|--------------------------------------|--|-----------------------|-----------------------|
| <b>Book value of assets acquired</b> |  |                       |                       |
| Tangible assets                      | 8,700  | 3,005                 | 11,705                |
| Stocks                               | 213  | 137                   | 350                   |
| <b>Fair value of assets acquired</b> | <b>8,913</b>                                   | <b>3,142</b>          | <b>12,055</b>         |
| Goodwill arising                     | 4,939  | 845                   | 5,784                 |
| Cash consideration - paid            | 13,852   | 3,987                 | 17,839                |

Goodwill arising is being written off over the directors' estimate of the useful life of each acquisition, in all cases a period of 20 years. The net results before taxation of the businesses acquired in 2000 for the financial periods immediately prior to acquisition and their previous financial year were not material as regards the figures shown in the accounts.

**10. TANGIBLE FIXED ASSETS**

|                                 | <b>Mineral<br/>reserves<br/>£000</b> | <b>Land and<br/>buildings<br/>£000</b> | <b>Plant,<br/>machinery<br/>and<br/>vehicles<br/>£000</b> | <b>Total<br/>£000</b> |
|---------------------------------|--------------------------------------|--|---|-----------------------|
| <b>Cost or valuation</b>        |                                      |  |   |                       |
| At 1 January 2000               | 353,980                              | 72,392                                 | 403,422   | 829,794               |
| Additions                       | 1,643                                | 5,895                                  | 37,621  | 45,159                |
| Disposals                       | (16,751)                             | (2,816)                                | (45,693)  | (65,260)              |
| Reclassification                | 902                                  | 202                                    | (1,104)   | -                     |
| <b>At 31 December 2000</b>      | <b>339,774</b>                       | <b>75,673</b>                          | <b>394,246</b>  | <b>809,693</b>        |
| <b>Accumulated depreciation</b> |                                      |  |   |                       |
| At 1 January 2000               | 1,884                                | 16,032                                 | 241,969   | 259,885               |
| Reclassification                | 179                                  | 38                                     | (217)   | -                     |
| Charge for the year             | 46,587                               | 1,781                                  | 31,067  | 79,435                |
| Disposals                       | (473)                                | (615)                                  | (36,857)  | (37,945)              |
| <b>At 31 December 2000</b>      | <b>48,177</b>                        | <b>17,236</b>                          | <b>235,962</b>  | <b>301,375</b>        |
| <b>Net book value</b>           |                                      |  |   |                       |
| At 31 December 2000             | 291,597                              | 58,437                                 | 158,284   | 508,318               |
| At 31 December 1999             | 352,096                              | 56,360                                 | 161,453   | 569,909               |



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**10. TANGIBLE FIXED ASSETS (Continued)**

Cumulative interest included in the cost or valuation of tangible fixed assets at 31 December 2000 amounted to £5.9 million (1999 - £5.9 million).

Included within plant and machinery and vehicles are assets with a net book value of £0.5million (1999 - £1.8 million) held under finance lease arrangements.

The gross book value represents items at:

|  | Mineral<br>reserves<br>£000 | Land and<br>buildings<br>£000 | Plant,<br>machinery<br>and<br>vehicles<br>£000 | Total<br>£000  |
|--|-----------------------------|-------------------------------|--|----------------|
| Cost                                   | 58,039                      | 75,273                        | 394,246  | 527,558        |
| Valuation at 17 March 1987             | -                           | 400                           | -  | 400            |
| Valuation at 31 December 1996          | 281,735                     | -                             | -  | 281,735        |
|  | <u>339,774</u>              | <u>75,673</u>                 | <u>394,246</u>                                 | <u>809,693</u> |
| Gross book value of depreciable assets | <u>339,774</u>              | <u>46,661</u>                 | <u>394,246</u>                                 | <u>838,705</u> |

Mineral reserves and land and buildings comprise:

|                 | Mineral reserves |                | Land and buildings |               |
|-----------------|------------------|----------------|--------------------|---------------|
|                 | 2000<br>£000     | 1999<br>£000   | 2000<br>£000       | 1999<br>£000  |
| Freehold        | 146,331          | 187,921        | 50,133             | 47,771        |
| Long leasehold  | -                | -              | 3,999              | 4,193         |
| Short leasehold | 145,266          | 164,175        | 4,305              | 4,396         |
| Net book value  | <u>291,597</u>   | <u>352,096</u> | <u>58,437</u>      | <u>56,360</u> |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**10. TANGIBLE FIXED ASSETS (Continued)**

The total amounts for mineral reserves and land and buildings, determined according to the historical cost accounting rules, are as follows:

|                | Mineral reserves |                | Land and buildings |               |
|----------------|------------------|----------------|--------------------|---------------|
|                | 2000             | 1999           | 2000               | 1999          |
|                | £000             | £000           | £000               | £000          |
| Cost           | 256,451          | 266,518        | 75,344             | 72,063        |
| Depreciation   | (40,419)         | (5,520)        | (15,390)           | (14,186)      |
| Net book value | <u>216,032</u>   | <u>260,998</u> | <u>59,954</u>      | <u>57,877</u> |

**11. INVESTMENTS HELD AS FIXED ASSETS**

|   | Shares in<br>group<br>undertakings<br>£000 | Loans to<br>subsidiary<br>undertakings<br>£000 | Shares<br>in joint<br>venture<br>£000 | Shares in<br>associated<br>undertakings<br>£000 | Total<br>£000  |
|---|--|--|---------------------------------------|---|----------------|
| <b>Cost</b>                               |  |  |                                       |   |                |
| At 1 January 2000                         | 230,500                                    | 10,311   | 3,988                                 | 1   | 244,800        |
| Additions                                 | 7,395                                      | 1,167  | -                                     | -   | 8,562          |
| Inter company transfers                   | 500  | 1,000  | (250)                                 | -   | 1,250          |
| At 31 December 2000                       | <u>238,395</u>                             | <u>12,478</u>                                  | <u>3,738</u>                          | <u>1</u>  | <u>254,612</u> |
| <b>Amounts written off</b>                |  |  |                                       |   |                |
| At 1 January 2000 and<br>31 December 2000 | <u>23,447</u>                              | <u>2,211</u>                                   | <u>644</u>                            | <u>-</u>  | <u>26,302</u>  |
| <b>Net book value</b>                     |  |  |                                       |   |                |
| At 31 December 2000                       | <u>214,948</u>                             | <u>10,267</u>                                  | <u>3,094</u>                          | <u>1</u>  | <u>228,310</u> |
| At 31 December 1999                       | <u>207,053</u>                             | <u>8,100</u>                                   | <u>3,344</u>                          | <u>1</u>  | <u>218,498</u> |

Shares in group undertakings comprise £3,150,000 (1999 - £3,150,000) in respect of shares held in fellow subsidiary undertakings and £235,245,000 (1999 - £227,350,000) in respect of shares held in subsidiary undertakings.

A list of the principal investments in group undertakings and participating interests is shown in note 23.

In the opinion of the directors, the market value of the company's investments is not less than the net book values shown above.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**12. STOCKS**

|                                     | <b>2000</b>   | <b>1999</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£000</b>   | <b>£000</b>   |
| Raw materials and consumables       | 29,505        | 33,322        |
| Finished goods and goods for resale | 14,870        | 13,868        |
|                                     | <u>44,375</u> | <u>47,190</u> |

**13. DEBTORS**

|   | <b>2000</b>    | <b>1999</b>    |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Amounts falling due within one year</b>          |                |                |
| Trade debtors                                       | 79,267         | 111,735        |
| Amounts recoverable on contracts                    | 47,104         | 45,005         |
| Amounts owed by group undertakings                  | 46,846         | 27,463         |
| Amounts owed by joint ventures                      | 6,191          | 2,707          |
| Other debtors                                       | 5,132          | 5,120          |
| Group relief receivable (including ACT recoverable) | 8,178          | 9,832          |
| Prepayments and accrued income                      | 2,762          | 2,990          |
|   | <u>195,480</u> | <u>204,852</u> |
| <b>Amounts falling due after more than one year</b> |                |                |
| Amounts owed by group undertakings                  | 22,691         | 7,060          |
| Amounts owed by joint venture                       | 60             | 60             |
| Other debtors                                       | -              | 10,000         |
|   | <u>22,751</u>  | <u>17,120</u>  |

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | <b>2000</b>    | <b>1999</b>    |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Bank loans and overdrafts (unsecured)                      | 12,283         | -              |
| Trade creditors  | 95,138         | 129,403        |
| Obligations under finance leases                           | 1,218          | 1,508          |
| Amounts owed to group undertakings                         | 45,431         | 32,930         |
| Amounts owed to joint ventures and associated undertakings | 8,725          | 10,020         |
| Corporation tax  | 23,487         | 29,448         |
| Group relief payable                                       | 9,457          | -              |
| Other taxes and social security                            | 10,654         | 10,273         |
| Other creditors  | 21,972         | 4,343          |
| Accruals and deferred income                               | 10,966         | 12,239         |
|  | <u>239,331</u> | <u>230,164</u> |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                    | 2000<br>£000   | 1999<br>£000   |
|------------------------------------|----------------|----------------|
| Obligations under finance leases   | 642            | 1,543          |
| Amounts owed to group undertakings | 561,415        | 523,488        |
| Other creditors                    | -              | 235            |
|                                    | <u>562,057</u> | <u>525,266</u> |

Obligations under finance leases are secured on certain plant and machinery. Repayments are paid by instalments bearing interest in the range 6.5% to 8.0% per annum.

The obligations under finance leases are repayable as follows:

|   | 2000<br>£000 | 1999<br>£000 |
|---|--------------|--------------|
| In one year or less or on demand                  | 1,218        | 1,508        |
| In more than one year but not more than two years | 642          | 1,543        |
|   | <u>1,860</u> | <u>3,051</u> |

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

|                  | 2000<br>£000  | 1999<br>£000  |
|------------------|---------------|---------------|
| Other provisions | <u>34,082</u> | <u>25,480</u> |

The movement on other provisions was as follows:

|                                   | Restoration<br>£000 | Other<br>£000 | Total<br>£000 |
|-----------------------------------|---------------------|---------------|---------------|
| Balance at 1 January 2000         | 22,480              | 3,000         | 25,480        |
| Provided during the year          | 2,159               | -             | 2,159         |
| Utilised during the year          | (2,962)             | -             | (2,962)       |
| Transfers from group undertakings | 9,605               | -             | 9,605         |
|                                   | <u>31,282</u>       | <u>3,000</u>  | <u>34,282</u> |
| Balance at 31 December 2000       |                     |               |               |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**16. PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

**Restoration**

Provisions to restore land where quarrying activities have been undertaken are expected to be utilised over the life of the relevant quarry.

|                             | £000    |
|-----------------------------|---------|
| <b>Deferred taxation</b>    |         |
| Balance at 1 January 2000   | -       |
| Provision - current year    | 2,628   |
| - prior year                | (2,744) |
| Acquisitions                | 116     |
|                             | <hr/>   |
| Balance at 31 December 2000 | -       |
|                             | <hr/>   |

The amounts provided in the accounts and the amounts not provided are as follows:

|   | Provided<br>2000<br>£000 | Provided<br>1999<br>£000 | Not<br>Provided<br>2000<br>£000 | Not<br>provided<br>1999<br>£000 |
|---|--------------------------|--------------------------|---------------------------------|---------------------------------|
| Capital allowances in advance of depreciation | 2,271                    | 4,572                    | 32,158                          | 30,492                          |
| Other timing differences                      | (2,271)                  | (4,572)                  | (19,940)                        | (1,488)                         |
|   | <hr/>                    | <hr/>                    | <hr/>                           | <hr/>                           |
|   | -                        | -                        | 12,218                          | 29,004                          |

No provision has been made for any taxation which may arise in the event of any assets which are included in the financial statements at a figure in excess of their original cost being realised at that higher figure. These assets are held for the purposes of the company's business and it is considered that any notional liability which might arise on their disposal would be subject to deferment under the provisions of Section 152 of the Taxation of Chargeable Gains Act 1992.

**17. CALLED UP SHARE CAPITAL**

|  | 2000<br>£ | 1999<br>£ |
|--|-----------|-----------|
| Authorised, allotted, called up and fully paid |           |           |
| 25,100,000 Ordinary shares of £1 each          | 25,100    | 25,100    |
|  | <hr/>     | <hr/>     |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**18. RESERVES**

|  | Share<br>premium<br>account<br>£000 | Revaluation<br>reserve<br>£000 | Profit<br>and loss<br>account<br>£000 | Total<br>£000 |
|--|-------------------------------------|--------------------------------|---------------------------------------|---------------|
| Balance at 1 January 2000  | 125,000                             | 89,581                         | 53,200                                | 267,781       |
| Transfer of amount equivalent to additional<br>depreciation on revalued assets |                                     | (11,000)                       | 11,000                                |               |
| Transfer on realised revaluation reserve                                       |                                     | (4,533)                        | 4,533                                 |               |
| Loss for the year  | -                                   | -                              | (84,260)                              | (84,260)      |
| Balance at 31 December 2000  | 125,000                             | 74,048                         | (15,527)                              | 183,521       |

The cumulative amount of goodwill written off against reserves since 31 December 1987 amounted to £6.9 million (1999 - £6.9 million).

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                      | 2000<br>£000 | 1999<br>£000 |
|--------------------------------------|--------------|--------------|
| (Loss)/profit for the financial year | (75,308)     | 47,789       |
| Opening shareholders' funds          | 292,881      | 245,092      |
| Closing shareholders' funds          | 217,573      | 292,881      |

**20. FINANCIAL COMMITMENTS**

|                                 | 2000<br>£000 | 1999<br>£000 |
|---------------------------------|--------------|--------------|
| <b>Capital commitments</b>      |              |              |
| Contracted for but not provided | 4,528        | 6,420        |

**Operating lease commitments**

At 31 December 2000, the company was committed to making the following payments during the next year in respect of operating leases:

|                          | Land and buildings |              | Other        |              |
|--------------------------|--------------------|--------------|--------------|--------------|
|                          | 2000<br>£000       | 1999<br>£000 | 2000<br>£000 | 1999<br>£000 |
| Leases which expire:     |                    |              |              |              |
| Within one year          | 237                | 634          | 929          | 491          |
| Within two to five years | 1,004              | 558          | 1,932        | 7,601        |
| After five years         | 2,107              | 2,248        | 164          | 141          |
|                          | 3,258              | 3,440        | 3,025        | 8,233        |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**21. CONTINGENT LIABILITIES**

The company has contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, entered into under the normal course of business. The likelihood of these having a material adverse impact on the company's financial position is considered remote.

**22. RELATED PARTY TRANSACTIONS**

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Tarmac Group Limited and its results are included in Anglo American plc's consolidated financial statements.

The related party transactions with the company's joint venture and associate companies are as follows:

|                               | 2000<br>Sales<br>£000 | 2000<br>Purchases<br>£000 | 2000<br>Debtors<br>£000 | 2000<br>Creditors<br>£000 | 1999<br>Sales<br>£000 | 1999<br>Purchases<br>£000 | 1999<br>Debtors<br>£000 | 1999<br>Creditors<br>£000 |
|-------------------------------|-----------------------|---------------------------|-------------------------|---------------------------|-----------------------|---------------------------|-------------------------|---------------------------|
| <b>Joint ventures</b>         |                       |                           |                         |                           |                       |                           |                         |                           |
| C & H Quickmix                | 617                   | (43)                      | 131                     | (1)                       | 626                   | (25)                      | 65                      | (2)                       |
| Ebchester Sand and Gravel     | 308                   | (237)                     | 629                     | (12)                      | 276                   | (224)                     | 576                     | (51)                      |
| Eton Aggregates               | 261                   | (1,857)                   | 5                       | (188)                     | 133                   | (1,157)                   | 143                     | (178)                     |
| North Tyne Roadstone Limited  | 198                   | (707)                     | 85                      | (429)                     | 265                   | (749)                     | 66                      | (557)                     |
| RH Roadstone                  | 285                   | (3,336)                   | 901                     | (1,053)                   | 184                   | (3,096)                   | 605                     | (1,019)                   |
| Tayestone Recycled Aggregates | 37                    | -                         | 21                      | -                         | 30                    | (29)                      | 57                      | -                         |
| Tendley Quarries              | 77                    | (397)                     | 16                      | (700)                     | 113                   | (446)                     | 22                      | (93)                      |
| United Marine Holdings        | 840                   | (10,726)                  | 456                     | (4,250)                   | 1,024                 | (9,620)                   | 536                     | (6,104)                   |
| Roadstone Recycling           | 120                   | (557)                     | 307                     | (168)                     | 32                    | (193)                     | 293                     | (43)                      |
| Norwest Holdings              | 69                    | -                         | 69                      | -                         | -                     | -                         | -                       | -                         |
| Tarmac Recycling Services     | 177                   | (169)                     | 356                     | (27)                      | 12                    | (4)                       | 99                      | (4)                       |
| Prestige Sports Surfaces      | 2,025                 | (253)                     | 286                     | (1,633)                   | 942                   | (128)                     | 401                     | 107                       |
| West Lothian Recycling        | 88                    | (39)                      | 80                      | (17)                      | 14                    | -                         | 28                      | -                         |
| <b>Associate</b>              |                       |                           |                         |                           |                       |                           |                         |                           |
| Berwyn Granite Quarries       | 52                    | (66)                      | 4                       | -                         | 3                     | (18)                      | 405                     | (3)                       |

**23. PRINCIPAL INVESTMENTS OF TARMAC LIMITED**  
(formerly Tarmac Heavy Building Materials UK Limited)

All principal investments are held directly by the company.

**Principal subsidiary undertakings**

Principal subsidiary undertakings all of which are incorporated in Great Britain and are principally engaged in the heavy building materials business of extraction and sale of, or manufacture of, construction materials:

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

|                                   | % of issued<br>ordinary shares<br>held |
|-----------------------------------|--|
| Tarmac Mineral Limited            | 100%                                   |
| Tarmac Mineral Products Limited   | 100%                                   |
| Tarmac Quarry Products Limited    | 100%                                   |
| Tarmac Topmix Limited             | 100%                                   |
| Tarmac Roadstone Holdings Limited | 100%                                   |
| East Coast Slag Products Limited  | 100%                                   |
| Cambrian Stone Limited            | 100%                                   |
| Midland Quarry Products Limited   | 50%                                    |
| Fort Blocks Limited               | 100%                                   |
| Situsec Limited                   | 100%                                   |
| Moffats (Drumquin) Limited        | 100%                                   |
| Tarmac (South Western) Limited    | 100%                                   |

**Principal fellow subsidiary undertaking**

The company holds 15% of the issued ordinary shares of Tarmac Investments (International) Limited, a company incorporated in Great Britain, which is principally engaged in holding investments on behalf of the Tarmac plc group of companies. The remaining 85% of the issued ordinary share capital is held by other group undertakings.

**23. PRINCIPAL INVESTMENTS OF TARMAC LIMITED (continued)**  
**(formerly Tarmac Heavy Building Materials UK Limited)**

**Principal joint ventures and associated undertakings**

Joint ventures and associated undertakings, all of which are incorporated in Great Britain, and are principally engaged in the United Kingdom in the heavy building materials business of extraction and sale of quarry products, or recycling of building materials, for construction purposes:



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

|  | % of issued<br>ordinary shares<br>held |
|--|--|
| <b>Joint ventures</b>                      |  |
| C & H Quickmix Limited                     | 50%                                    |
| Ebchester Sand and Gravel Limited          | 50%                                    |
| Eton Aggregates Limited                    | 25%                                    |
| Mineral Properties and Investments Limited | 50%                                    |
| North Tyne Roadstone Limited               | 50%                                    |
| RH Roadstone Limited                       | 50%                                    |
| Tayestone Recycled Aggregates Limited      | 50%                                    |
| Tendley Quarries Limited                   | 50%                                    |
| United Marine Holdings Limited             | 50%                                    |
| Teesside Waste Management Limited          | 50%                                    |
| Roadstone Recycling Limited                | 50%                                    |
| Mersey Asphalt Limited                     | 50%                                    |
| Norwest Holdings Limited                   | 50%                                    |
| Tarmac Recycling Services Limited          | 50%                                    |
| Prestige Sports Surfaces Limited           | 50%                                    |
| West Lothian Recycling Limited             | 50%                                    |
| <b>Associate</b>                           |  |
| Berwyn Granite Quarries Limited            | 49%                                    |

**24. PENSIONS**

The pension scheme to which the company contributes are of the defined benefit and money purchase types and are for the benefit of all relevant employees of Tarmac Group Limited (formerly Tarmac plc) and its UK subsidiary undertakings ("the group"). The assets of the schemes are held in trustee administered funds separate from those of the group and are funded. Details of the latest actuarial valuation of the principal defined benefit schemes are given in the financial statements of Tarmac Group Limited. The contributions to the defined benefit schemes made by the company represent the regular cost of providing the benefits. Recognition of fund surpluses or deficits in respect of the group are dealt with by Tarmac Holdings Limited (formerly Tarmac Holdings plc). Actuarial valuations of the money purchase schemes are not undertaken.

**25. ULTIMATE PARENT COMPANY**

On 1 March 2000, Anglo American plc acquired the entire share capital of Tarmac plc. At 31 December 2000, Anglo American plc, a company incorporated in Great Britain was the ultimate parent company. Copies of the financial statements can be obtained from 20 Carlton House Terrace, London, SW1 5AN.

The immediate parent company is Tarmac Holdings Limited.