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TARMAC ROADSTONE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 1985

23 JAN 1986

TARMAC ROADSTONE LIMITEDDIRECTORS' REPORT

The directors submit herewith their annual report to the members, together with the accounts, for the year ended 31st December 1985.

Business review

The company acts as a manager in respect of certain of the activities of its parent company, Tarmac Roadstone Holdings Limited. The company has neither received income nor incurred expenditure in respect of its management activities during the year ended 31st December 1985.

In addition the company is the United Kingdom holding company of Tarmac Roadstone Australia (Pty.) Limited.

Directors

The directors serving during the year were:

R.H.R. Kettle
 D.T. Carr
 T.H. Mason
 J. Mawdsley
 C. Novotny
 P.B. Rothwell
 J. Cook
 A. Kirk
 B.D. Andrews
 C. Robinson
 J.D. Sims
 E.R. Kendall
 A.J. Rush
 L.C. Faulkner (appointed 1.11.85)
 G.F. Cliffe (appointed 2.1.86)

Directors' interests

The directors, (other than those whose interests are disclosed in the accounts of the parent or holding companies), had the following interests in the share and loan capital, including share options, of Tarmac PLC:

	<u>Ordinary shares of 50p each</u>			
	<u>1st January 1985</u>	<u>31st December 1985</u>		
	<u>or date</u>			
	<u>of appointment</u>			
	<u>Interest</u>	<u>Share options</u>	<u>Interest</u>	<u>Share options</u>
J. Cook	2,200	17,556	4,600	34,416
A. Kirk	-	11,556	-	44,600
B.D. Andrews	-	9,556	-	32,600
C. Robinson	-	-	-	296
J.D. Sims	-	-	-	20,000
E.R. Kendall	-	9,556	-	32,600
A.J. Rush	-	9,104	200	31,696
L.C. Faulkner	-	22,000	-	22,000

TARMAC ROADSTONE LIMITED

DIRECTORS' REPORT
(continued)

Directors' interests (continued)

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

Auditors

In accordance with Section 384(1) of the Companies Act 1985, a resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Secretary

21st April 1986

REPORT OF THE AUDITORS TO THE MEMBERS OF
TARMAC ROADSTONE LIMITED

We have audited the accounts on pages 4 to 7 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December 1985 and of the result for the year to that date and comply with the Companies Act 1985.

Birmingham
21st April 1986

Pent Merwin Mitchell & Co
Chartered Accountants


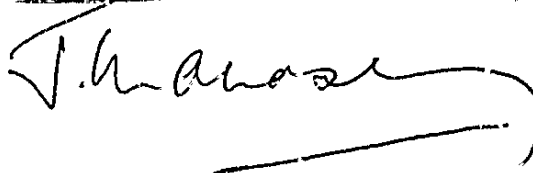
TARMAC ROADSTONE LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st DECEMBER 1985

	<u>Note</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Income from shares in group company		-	-
Profit on ordinary activities before taxation	1	-	-
Taxation on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	-
Dividend paid		-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	-
Retained profit brought forward		35,994	35,994
RETAINED PROFIT CARRIED FORWARD		<u>35,994</u>	<u>35,994</u>

TARMAC ROADSTONE LIMITEDBALANCE SHEETAT 31st DECEMBER 1985

	<u>Note</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
FIXED ASSETS			
Investments	2	61,047	61,047
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	3	(23,051)	(23,051)
NET ASSETS		<u>37,996</u>	<u>37,996</u>
CAPITAL AND RESERVES			
Called up share capital	4	2,002	2,000
Profit and loss account		<u>35,994</u>	<u>35,994</u>
		<u>37,996</u>	<u>37,996</u>

These accounts were approved by the board of directors on 21st April 1986.

) DIRECTORS

TARMAC ROADSTONE LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 19851. Profit on ordinary activities before taxation

The company acts as a manager in respect of certain of the activities of its parent company, Tarmac Roadstone Holdings Limited. The company has neither received income nor incurred expenditure in respect of its management activities during the year ended 31st December 1985.

In addition the company is the United Kingdom holding company of Tarmac Roadstone Australia (Pty.) Limited.

2. Investments

	<u>1985</u>	<u>1984</u>
	£	£
Shares at cost in subsidiary company	<u>61,047</u>	<u>61,047</u>

The company owns the whole of the allotted ordinary share capital of Tarmac Roadstone Australia (Pty.) Limited, a company incorporated in Australia.

In the opinion of the directors the value of the investment in the subsidiary company at 31st December 1985 is not less than the amount at which it is stated in the balance sheet.

Tarmac Roadstone Limited is a wholly owned subsidiary of Tarmac Roadstone Holdings Limited, a company incorporated in England, and accordingly consolidated accounts have not been prepared.

3. Creditors: Amounts falling due after more than one year

	<u>1985</u>	<u>1984</u>
	£	£
Amount due to parent company	<u>23,051</u>	<u>23,051</u>

4. Share capital

	<u>1985</u>	<u>1984</u>
	£	£
Authorised: 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid: 2,002 ordinary shares of £1 each	<u>2,002</u>	<u>2,002</u>

TARMAC ROADSTONE LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1985
(continued)5. Charges

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

£ 218,937	6¾% 1986/91
£1,866,436	7½% 1987/92
£1,273,859	6¼% 1989/94
£ 647,608	6¾% 1989/94
£1,540,203	7½% 1992/97

6. Ultimate holding company

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

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