

**LONGCLIFFE QUARRIES LIMITED**

**Report and Financial Statements**

**31 March 2004**

**Deloitte & Touche LLP**  
Nottingham



# **LONGCLIFFE QUARRIES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **LONGCLIFFE QUARRIES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

D A G Shields (Chairman)  
R J G Shields  
R J Shields  
J F G Shields  
M F Hyde  
L J A Edwards  
A V Dearden

#### **SECRETARY**

M F Hyde

#### **SOLICITORS**

Herbert Smith  
Exchange House  
Primrose Street  
London  
EC2A 2HS

#### **REGISTERED OFFICE**

Longcliffe  
Brassington  
Matlock  
Derbyshire  
DE4 4BZ

#### **BANKERS**

HSBC Plc  
Matlock  
Derbyshire

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Nottingham

# **LONGCLIFFE QUARRIES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

### **ACTIVITIES, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company carries on the business of mineral supply.

The directors consider the financial position of the company at the year end to be satisfactory and are confident it is well placed to take advantage of future business opportunities.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £357,462 (2003: £377,334).

The directors have proposed a final dividend of £1.25 per share (2003: final dividend of £1.25 per share). Retained profits of £175,620 (2003: £195,492) have been taken to reserves.

### **RESEARCH AND DEVELOPMENT**

Research and development expenditure during the year has been concentrated on the development of new processes for value added limestone products.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and their interests in the share capital of the company were as follows:

	<b>Ordinary shares of £1 each</b>	
	<b>31 March 2004</b>	<b>1 April 2003</b>
D A G Shields	-	-
R J Shields	-	-
R J G Shields	-	-
M F Hyde	-	-
L J A Edwards	-	-
J F G Shields	-	-
A V Dearden	-	-

The directors' interests in the shares of the parent company, Longcliffe Property Holdings Limited, are shown in that company's accounts.

### **CHARITABLE AND POLITICAL DONATIONS**

The company has made charitable donations of £60,770 (2003: £29,901). Political donations amounted to £2,000 for the year (2003: £550) and were made to Conservative Associations.

# LONGCLIFFE QUARRIES LIMITED

## DIRECTORS' REPORT

### DIRECTORS' STATEMENT OF RESPONSIBILITIES

United Kingdom 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Pursuant to S386 Companies Act 1985, an elective resolution has been passed dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

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

*M. F. Hyde*

M F HYDE

Secretary

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONGCLIFFE QUARRIES LIMITED

We have audited the financial statements of Longcliffe Quarries Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### 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 as at 31 March 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and  
Registered Auditors

Nottingham

*13<sup>th</sup> August 2004*

# LONGCLIFFE QUARRIES LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2004

	Note	2004 £	2003 £
Turnover	2	14,865,523	13,724,583
Changes in stocks of finished goods		7,213	(2,526)
Other operating income		66,789	92,485
Raw materials and consumables		(1,099,971)	(996,763)
Other external charges		(5,299,470)	(4,957,987)
Staff costs	4	(4,230,247)	(3,609,191)
Depreciation and other amounts written off tangible fixed assets	9	(1,743,752)	(1,637,531)
Other operating charges		(1,940,773)	(1,825,466)
<b>OPERATING PROFIT</b>	3	625,312	787,604
Income from shares in group undertakings		30,000	49,000
Interest receivable and similar income	5	568	998
Interest payable and similar charges	6	(300,040)	(341,145)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		355,840	496,457
Tax on profit on ordinary activities	7	1,622	(119,123)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		357,462	377,334
Dividends	8	(181,842)	(181,842)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	18	175,620	195,492

All activities are derived from continuing operations.

There have been no recognised gains or losses in the year other than the profit for the year and prior year, and accordingly no statement of total recognised gains and losses has been prepared.

# LONGCLIFFE QUARRIES LIMITED

## BALANCE SHEET 31 March 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	13,383,523	12,380,125
Investments	10	1,001,008	1,001,008
		<u>14,384,531</u>	<u>13,381,133</u>
<b>CURRENT ASSETS</b>			
Stocks	11	183,032	193,226
Debtors	12	3,539,925	3,325,848
Cash at bank and in hand		100	100
		<u>3,723,057</u>	<u>3,519,174</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(5,195,797)</u>	<u>(4,582,019)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,472,740)</u>	<u>(1,062,845)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,911,791	12,318,288
<b>CREDITORS: amounts falling due after more than one year</b>	14	(3,924,821)	(3,492,444)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>(1,764,548)</u>	<u>(1,779,042)</u>
		<u>7,222,422</u>	<u>7,046,802</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	145,474	145,474
Share premium account	18	234,375	234,375
Capital redemption reserve	18	16,493	16,493
Profit and loss account	18	6,826,080	6,650,460
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	18	<u>7,222,422</u>	<u>7,046,802</u>

These financial statements were approved by the Board of Directors on *26<sup>th</sup> July 2004*  
Signed on behalf of the Board of Directors

*[Signature]*  
R J G SHIELDS  
Director



# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 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.

#### Depreciation

Freehold land is not depreciated except the land which is currently being quarried. The cost of fixed assets is depreciated by equal annual instalments over the expected useful lives of the assets as follows:

Land being quarried	Period of extraction
Freehold properties	20-50 years
Plant and equipment	3-15 years

#### Investments

Investments are stated at cost less provision for any impairment in value.

#### Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials and an appropriate proportion of quarry fixed and variable overheads based on normal level of activity.

#### Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in period different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Leases and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

#### Pension costs

The company operates a funded defined benefit pension scheme. Contributions are made to a separately administered fund and are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The regular cost is attributed to individual years using the projected unit credit method.

The company also contributes to a defined contribution pension scheme. The costs are charged to the profit and loss account as they accrue.

#### Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on the pilot plant is capitalised when its future value to the business can be regarded as assured. Depreciation on the plant commenced on 1 April 2001 and costs are spread over a period of 15 years.

#### Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Goodwill amounting to £55,000 has been eliminated against reserves. This goodwill was eliminated as a matter of accounting policy at that time and would be charged or credited in the profit and loss account on subsequent disposal of the business to which it related.

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 1. ACCOUNTING POLICIES (Continued)

#### Exemption from the obligation to prepare a cash flow statement and group accounts

The company has taken advantage of an exemption from the obligation to prepare group accounts and a cash flow statement, on the grounds that the company is a wholly owned subsidiary of Longcliffe Property Holdings Limited and the financial results, position and cash flows are consolidated in the group financial statements of that company.

### 2. TURNOVER

Turnover comprises the invoice value of goods and services exclusive of VAT and is derived wholly within the United Kingdom from the continuing principal activity of the company.

### 3. OPERATING PROFIT

Operating profit is after charging/(crediting):

	2004 £	2003 £
Research and development expenditure written off	1,331,069	1,179,946
Hire of plant and equipment	154,034	113,378
Auditors' remuneration	15,200	14,800
Depreciation		
Owned assets	1,132,181	1,152,460
Leased assets	611,571	485,071
Operating lease rentals		
- Plant and machinery	1,870	2,742
- Land and buildings	32,500	32,500
(Profit)/loss on disposal of fixed assets	(7,935)	1,676

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £	2003 £
<b>Directors' remuneration</b>		
Fees	70,606	46,982
Other remuneration	420,217	453,363
Pension contributions	42,884	39,333
	<u>533,707</u>	<u>539,678</u>
<b>Remuneration of highest paid director</b>		
Emoluments	275,888	315,403
Pension contributions	31,093	31,193
	<u>306,981</u>	<u>346,596</u>

In addition to the above remuneration, a payment of £225,050 was made to the Longcliffe Quarries (Self-Administered) Pension Plan.

Two of the directors, including the highest paid director, are two of the beneficiaries of this plan, however, it is not possible to apportion this payment between them and other members of the plan.

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

	2004 No	2003 No
<b>The number of directors who are members of:</b>		
Defined contribution scheme	2	2
Defined benefit scheme	1	1
	<u>3</u>	<u>3</u>
 <b>Average number of persons employed</b>		
Management and administration	32	30
Production, distribution and sales	94	93
	<u>126</u>	<u>123</u>
	£	£
<b>Staff costs during the year</b>		
Wages and salaries	3,247,143	3,073,324
Social security costs	288,536	241,498
Other pension costs	694,568	294,369
	<u>4,230,247</u>	<u>3,609,191</u>

### 5. INTEREST RECEIVABLE

	2004 £	2003 £
Other interest receivable	<u>568</u>	<u>998</u>

### 6. INTEREST PAYABLE

	2004 £	2003 £
Bank loan and overdraft	115,144	135,271
Finance and hire purchase leases	184,896	205,874
	<u>300,040</u>	<u>341,145</u>

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of (credit)/charge in the year	2004 £'000	2003 £'000
<b>Current tax</b>		
UK corporation tax at 30% (2003: 30%) based on the profit for the year	23,186	71,886
Adjustments in respect of previous year	(13,084)	7,085
Group relief	2,770	16,068
Total current tax (note 7b)	12,872	95,039
<b>Deferred tax</b>		
Origination and reversal of timing differences	(20,500)	(33,117)
Adjustments in respect of previous year	6,006	57,201
	(1,622)	119,123

#### b) Factors affecting the tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current year and the previous year are lower than the standard rate for the reasons set out in the following reconciliation.

	2004 £	2003 £
Profit on ordinary activities before tax	355,840	496,457
Tax on ordinary activities at the standard rate	106,752	148,937
<b>Effects of:</b>		
Expenses not deductible for tax purposes	30,686	26,797
Depreciation in excess of capital allowances	23,200	51,147
Other timing differences	(2,700)	(18,030)
Research and development tax credits	(115,482)	(106,435)
Rate difference	(7,500)	238
Group income not taxable	(9,000)	(12,000)
Other	-	(2,700)
Adjustment in respect of prior year	(13,084)	7,085
<b>Total tax for the year (note 7a)</b>	12,872	95,039

### 8. DIVIDENDS

	2004 £	2003 £
Final proposed dividend of £1.25 (2003: £1.25) per share	181,842	181,842
Ordinary dividends on equity shares	181,842	181,842

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 April 2003	2,177,334	24,662,359	26,839,693
Additions	365,203	2,482,806	2,848,009
Disposals	-	(737,830)	(737,830)
At 31 March 2004	2,542,537	26,407,335	28,949,872
<b>Accumulated depreciation</b>			
At 1 April 2003	504,672	13,954,896	14,459,568
Charge for the year	19,245	1,724,507	1,743,752
Disposals	-	(636,971)	(636,971)
At 31 March 2004	523,917	15,042,432	15,566,349
<b>Net book value</b>			
At 31 March 2004	2,018,620	11,364,903	13,383,523
At 31 March 2003	1,672,662	10,707,463	12,380,125

Freehold land and buildings includes land other than that which is currently being quarried amounting to £1,105,144 (2003: £974,183).

Plant and machinery includes items held under finance leases and hire purchase contracts at a net book value of £4,835,644 (2003: £3,221,735). The depreciation attributable to these items during the year was £611,571 (2003: £485,071).

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 10. INVESTMENTS

	Loan to subsidiary £	Subsidiary undertaking shares £	Joint venture £	Other investments £	Total £
<b>Cost:</b>					
At 1 April 2003 and 31 March 2004	750,000	307,002	6	-	1,057,008
<b>Provisions:</b>					
At 1 April 2003 and 31 March 2004	-	56,000	-	-	56,000
<b>Net book amounts:</b>					
At 31 March 2004	750,000	251,002	6	-	1,001,008
At 31 March 2003	750,000	251,002	6	-	1,001,008

During the year, the company transferred £Nil (2003: £Nil) of the money advanced to Transcycle Limited from the intercompany debtor to a long-term loan.

The company is exempt from the requirements to prepare group accounts, due to it being a subsidiary of Longcliffe Property Holdings Limited, a company which prepares consolidated financial statements.

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

Name of company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and share held	Nature of business
<b>Subsidiary undertakings</b>				
Transcycle Limited	England and Wales	Ordinary shares	100%	Waste recycling
Central Technology UK Limited	England and Wales	Ordinary shares	100%	Minerals
Avochie Granite Co. Limited	England and Wales	Ordinary shares	100%	Dormant
Longcliffe Lime Company Limited	England and Wales	Ordinary shares	100%	Dormant
Longcliffe Limited	England and Wales	Ordinary shares	100%	Dormant
Longcliffe Industrial Minerals Limited	England and Wales	Ordinary shares	100%	Dormant
Derby Paper Salvage (subsidiary of Transcycle Limited)	England and Wales	Ordinary shares	100%	Dormant
<b>Joint ventures</b>				
Allied Marble and Granite Limited	England and Wales	Ordinary shares	50%	Marble
Hopton Wood Stone Firms Limited	England and Wales	Ordinary shares	50%	Dormant

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 11. STOCKS

	2004 £	2003 £
Finished goods	66,271	69,720
Consumable goods	116,761	123,506
	<u>183,032</u>	<u>193,226</u>

### 12. DEBTORS

	2004 £	2003 £
Trade debtors	2,916,625	2,899,123
Amounts owed by group undertakings	415,299	320,843
Dividends receivable	-	18,000
Prepayments and accrued income	208,001	87,882
	<u>3,539,925</u>	<u>3,325,848</u>

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans and overdraft	1,375,635	1,187,081
Obligations under finance lease and hire purchase contracts	1,372,484	997,711
Other loans	22,500	-
Trade creditors	1,538,879	1,260,252
Amounts owed to group undertakings	5,211	5,211
Corporation tax	23,186	71,886
Other taxation and social security	418,090	551,579
Other creditors	32,535	30,431
Accruals and deferred income	225,435	296,026
Proposed dividend	181,842	181,842
	<u>5,195,797</u>	<u>4,582,019</u>

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 14. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Bank loan	973,333	1,493,333
Obligations under finance lease and hire purchase contracts	2,748,988	1,999,111
Other loans	202,500	-
	<u>3,924,821</u>	<u>3,492,444</u>

### 15. BORROWINGS

	2004 £	2003 £
<b>Analysis of repayments on bank borrowings</b>		
In one year or less or on demand	1,375,635	1,187,081
In more than one year but not more than two	520,000	520,000
In more than two years but not more than five	453,333	973,333
	<u>2,348,968</u>	<u>2,680,414</u>
<b>Analysis of repayments of obligations under finance leases and hire purchase contracts</b>		
In one year or less or on demand	1,372,484	997,711
In more than one year but not more than two	1,129,092	905,140
In more than two years but not more than five	1,619,896	1,093,971
	<u>4,121,472</u>	<u>2,996,822</u>
<b>Analysis of repayments of other loans</b>		
In one year or less or on demand	22,500	-
In more than one year but not more than two	22,500	-
In more than two years but not more than five	67,500	-
In more than five years	112,500	-
	<u>225,000</u>	<u>-</u>
<b>Total borrowings including finance leases</b>		
In one year or less or on demand	2,770,619	2,184,792
In more than one year but not more than two	1,671,592	1,425,140
In more than two years but not more than five	2,140,729	2,067,304
In more than five years	112,500	-
	<u>6,695,440</u>	<u>5,677,236</u>

The bank overdraft is secured by a fixed charge on the company's debts and a floating charge on the undertaking and assets of the company.

The bank loans are secured by a fixed and floating charge on the company's freehold properties and a floating charge over all assets. The loans are repayable in equal quarterly instalments amounting to £130,000 and bear interest at 1.50% over LIBOR.

Obligations under finance leases and hire purchase contracts are secured by related leased assets and bear finance charges at normal commercial rates.

Other loans relates to a loan from The Longcliffe Quarries (Self-Administered) Pension Plan (see note 23).



# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £	2003 £
<b>Deferred taxation</b>		
Balance at 1 April	1,829,094	1,805,010
Credit for the year	(20,500)	(33,117)
Prior year adjustment	6,006	57,201
Balance at 31 March	<u>1,814,600</u>	<u>1,829,094</u>

The amounts of deferred taxation provided and unprovided in the accounts are:

	<b>Provided</b>		<b>Not provided</b>	
	2004 £	2003 £	2004 £	2003 £
Capital allowances in excess of depreciation	1,814,620	1,831,794	-	-
Short term timing differences	-	(2,700)	-	-
Capital losses	-	-	(16,800)	(16,800)
	<u>1,814,600</u>	<u>1,829,094</u>	<u>(16,800)</u>	<u>(16,800)</u>
Less: unrelieved Advance Corporation Tax	(50,052)	(50,052)	-	-
	<u>1,764,548</u>	<u>1,779,042</u>	<u>(16,800)</u>	<u>(16,800)</u>

The unprovided deferred tax asset in respect of capital losses will be recoverable against future capital gains.

### 17. CALLED UP SHARE CAPITAL

	2004 £	2003 £
<b>Authorised</b>		
150,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>
<b>Called up, allotted and fully paid</b>		
145,474 ordinary shares of £1 each	<u>145,474</u>	<u>145,474</u>

### 18. MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital 2004 £	Share premium account 2004 £	Capital redemption reserve 2004 £	Profit and loss account 2004 £	Total 2004 £	Total 2003 £
At 1 April	145,474	234,375	16,493	6,650,460	7,046,802	6,851,310
Profit for the financial year	-	-	-	357,462	357,462	377,334
Dividends	-	-	-	(181,842)	(181,842)	(181,842)
At 31 March	<u>145,474</u>	<u>234,375</u>	<u>16,493</u>	<u>6,826,080</u>	<u>7,222,422</u>	<u>7,046,802</u>

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 19. CAPITAL COMMITMENTS

	2004 £	2003 £
Contracted but not provided for	-	-

### 20. PENSION COMMITMENTS

The company operates a defined benefit pension scheme which is funded by the payment of contributions to separately administered funds. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted as at 1 April 2001, assuming that the real rate of investment return would be 7.2% per annum and that the real rate of salary increases would average 3.9% per annum. The pension charge for the year was £433,916 (2003: £261,976). The charge is assessed in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation showed that market value of schemes assets amounted to £5,846,000 and the actuarial value of those assets represented 83% of the benefits that had accrued to members, after allowing for future increases in earnings. In addition, the most recent actuarial valuation showed a deficit of £1,174,000 at the valuation date of 1 April 2001.

In order to eliminate the deficit, employee contributions rose from 1 May 2002 to 6% of pensionable salary for staff employees and 4.25% of pensionable salary for works employees. Increase to pensions in payment for all active members, for benefit accrued prior to 1 April 2000, is to decrease from 5% per annum on pension in excess of the GMP to 5%, or RPI if less. Finally, the accrual rate for current staff members has fallen from n/50ths to n/60ths for service accruing after 1 May 2002. Had these assumptions been incorporated into the triennial valuation performed at 1 April 2001, then this would have resulted in a deficit of £198,000 as at the valuation date.

The company is committed to providing the necessary funding to ensure the deficit is eliminated.

During the year, the contribution rates for employees were 6% of pensionable salary for staff employees and 4.25% of pensionable salary for works employees. This is also the agreed future rate of contributions until 1 May 2007.

The employer contribution rates during the year were:

1 April - 1 June 2003	-	10.6% of total pensionable earnings
2 June - 30 June 2003	-	28.9% of total pensionable earnings
1 July - 31 March 2004	-	16.7% of total pensionable earnings

The agreed contribution for future years is 16.7% of total pensionable earnings until 1 May 2007.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 April 2001 and updated by Scottish Widows to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2004. Scheme assets are stated at their market value at 31 March 2004.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

Valuation method	2004 Projected Unit	2003 Projected Unit	2002 Projected Unit
Discount rate	5.7%	5.6%	5.9%
Increase in pensionable salaries	4.2%	3.8%	5.0%
Limited price indexation	2.8%	2.4%	3.0%
Increase in deferred pensions	5.0%	5.0%	5.0%
Inflation assumption	2.8%	2.4%	3.0%

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 20. PENSION COMMITMENTS (Continued)

The assets in the scheme and the expected rate of return were:

	Long term expected rate of return	Value at 31 March 2004 £'000	Long term Expected Rate of Return	Value at 31 March 2003 £'000	Long term Expected Rate of Return	Value at 31 March 2002 £'000
Equities	8.0%	4,058	8.0%	3,541	7.7%	4,820
Bonds	4.9%	1,358	4.7%	553	5.4%	769
Other	4.9%	447	4.7%	438	4.0%	191
Total market value of assets		5,863		4,532		5,780
Present value of scheme liabilities		(9,429)		(8,814)		(7,968)
Deficit in the scheme		(3,566)		(4,282)		(2,188)
Related deferred tax asset		1,070		1,285		656
<b>Net pension deficit</b>		<b>(2,496)</b>		<b>(2,997)</b>		<b>(1,532)</b>
<b>Net assets</b>					<b>2004 £'000</b>	<b>2003 £'000</b>
Net assets excluding pension deficit					7,222	7,047
Net pension deficit					(2,496)	(2,997)
Net assets including pension deficit					<u>4,726</u>	<u>4,050</u>
<b>Reserves</b>						
Profit and loss reserve excluding pension deficit					6,826	6,650
Net pension deficit					(2,496)	(2,997)
Profit and loss reserve including pension deficit					<u>4,330</u>	<u>3,653</u>
<b>Analysis of amounts charged to operating profit</b>						
Current service cost					447	401
<b>Total operating charge</b>					<u>447</u>	<u>401</u>
<b>Analysis of the amount credited to other finance income</b>						
Expected return on assets					341	425
Interest on liabilities					(494)	(470)
<b>Net return</b>					<u>(153)</u>	<u>(45)</u>

# LONGCLIFFE QUARRIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2004

### 20. PENSION COMMITMENTS (Continued)

	2004 £'000	2003 £'000
<b>Movement in deficit during the year</b>		
Deficit at beginning of the year	(4,282)	(2,188)
Current service cost	(447)	(401)
Contribution	483	330
Net return from other finance income	(153)	(45)
Actuarial gain or loss in STRGL	833	(1,978)
<b>Deficit at the end of the year</b>	<b>(3,566)</b>	<b>(4,282)</b>
<b>Analysis of the amounts recognised in statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on assets	672	(1,796)
Experience gains on the liabilities	233	4
Change in assumptions	(72)	(186)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>833</b>	<b>(1,978)</b>
<b>History of experience gains and losses</b>		
Difference between the actual and expected return on assets (£'000)	672	(1,796)
- as % of scheme assets	11%	(40)%
Experience gains on liabilities (£'000)	233	4
- as % of liabilities	2%	0%
Total amount recognised in STRGL (£'000)	833	(1,978)
- as % of liabilities	9%	(22)%

The directors are of the opinion that the actuarial valuation provides a more accurate reflection of the pension scheme deficit than the valuation performed for FRS 17 purposes. The valuation for FRS 17 purposes uses a more stringent set of assumptions that the directors do not consider to be representative of the actual position.

The company also operates two defined contribution pension schemes, the assets being held separate from the company in independently administered funds. The employer contributions are charged direct to the profit and loss account and amounted to £260,652 (2003: £32,383).

### 21. CONTINGENT LIABILITIES AND CHARGES

The company is party to a banking arrangement with a number of group companies. The maximum contingent liability under this guarantee is £372,894 (2003: £450,637).

### 22. FINANCIAL COMMITMENTS

The company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Leases which expire:				
Within one year	-	-	1,870	2,742
After 5 years	82,500	32,500	-	-
	<u>82,500</u>	<u>32,500</u>	<u>1,870</u>	<u>2,742</u>

# **LONGCLIFFE QUARRIES LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 March 2004**

### **23. RELATED PARTY TRANSACTIONS**

#### **Trading transactions**

The company is a wholly owned subsidiary of Longcliffe Property Holdings Limited. Longcliffe Property Holdings Limited has prepared consolidated financial statements for the year ended 31 March 2004 and therefore, the company has relied on the exemptions contained within Financial Reporting Standard 8 in respect of the disclosure of related party transactions.

Costs of £222,665 (2003: £247,380) relating to the development of a quarry leased by Longcliffe Quarries Limited have been incurred by R J G Shields trading as Avochie Estate and recharged to the company. Of this amount, £50,767 (2003: £22,867) is still outstanding at the year end.

Costs of £30,250 (2003: £30,250) relating to Avochie Quarry leased from JFG Shields. Of this amount, £5,250 (2003: £Nil) is still outstanding at the year end.

Sales from Longcliffe Quarries Limited to Allied Marble and Granite Limited during the year ended 31 March 2004 amounted to £20,385 (2003: £27,752).

#### **Pension plan transactions**

During the year, a lump sum payment of £225,050 was made to The Longcliffe Quarries (Self-Administered) Pension Plan. This is a private pension plan, of which R J G Shields, J F G Shields (both directors), A M L Shields (wife of R J G Shields) and E S G Shields (daughter of R J G Shields) are the beneficiaries.

On 30 March 2004, The Longcliffe Quarries Limited (Self-Administered) Pension Plan, made a loan of £225,000 to Longcliffe Quarries Limited.

The loan liability at 31 March 2004 was £225,000.

The loan is repayable in equal monthly instalments over 10 years. The interest charged on the loan is 3% per annum over the base rate, payable annually. The loan is unsecured and is disclosed under 'other loans' within creditors (see notes 13 and 14).

#### **Other**

During the year, R J G Shields sold a motor vehicle to the company for £10,000.

### **24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent undertaking of the company is Longcliffe Property Holdings Limited, a company registered in England and Wales. Copies of the accounts of this company can be obtained from Longcliffe Quarries Limited, Brassington, Matlock, Derbyshire, DE4 4BZ.

Longcliffe Property Holdings Limited is controlled by RJG Shields and members of his immediate family.