

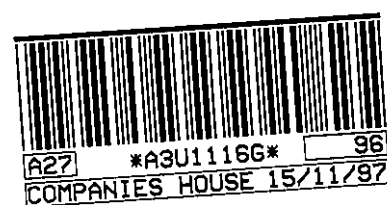
GLOUCESTERSHIRE SAND AND GRAVEL COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1997

Saffery Champness

CHARTERED ACCOUNTANTS



GLOUCESTERSHIRE SAND AND GRAVEL COMPANY LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2-3
Report of the Auditors to the Shareholders	4
Profit and Loss Account	5
Balance Sheet	6
Accounting Policies	7
Notes to the Financial Statements	8-12
Trading Account	13-15

COMPANY INFORMATION

DIRECTORS

Mr T D Holland-Martin

Mr R G Holland-Martin (resigned 20 November 1996)

SECRETARY

Ms R Long (appointed 19 November 1996)

REGISTERED OFFICE

The Estate Office
Overbury
Tewkesbury
Gloucestershire
GL20 7NS

REGISTERED NUMBER

294357

AUDITORS

Saffery Champness
Fairfax House
Fulwood Place
Gray's Inn
London WC1V 6UB

BANKERS

Barclays Bank Plc
128 High Street
Cheltenham
Gloucestershire
GL50 1EL

DIRECTORS' REPORT

The director submits his report and the financial statements for the year ended 31 March 1997.

DIRECTORS' RESPONSIBILITIES

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

RESULTS AND DIVIDENDS

The profit for the financial year after tax amounted to £825,308 (1996:£803,999).

The director also recommends the payment of a final dividend for the year of £50,000 (1996: £50,000) making the total dividends for the year £50,000 (1996: £125,000).

PURCHASE OF OWN SHARES

On 18 November 1996 the company bought back, by way of a capital reduction, 3,750 ordinary £1 shares for the sum of £4,593,750. The Special Resolution dealing with the capital reduction was approved by an Order of the High Court of Justice, Chancery Division dated 13 November 1996. On 19 November 1996 3,750 new ordinary £1 shares were issued fully paid out of the company's reserves.

REVIEW OF THE BUSINESS

The company's principal activities continue to be the extraction, processing, haulage and sale of sand and gravel, skip hire and waste disposal, including landfill sites and commercial forestry. The company continued to operate in partnership with the director, T D Holland-Martin, in respect of Overbury Farms until 30 April 1996 when the company withdrew from the partnership.

MARKET VALUE OF LAND AND BUILDINGS

The director considers that the market value of the company's freehold land and minerals is in excess of the book value, but is not accurately quantifiable.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

The director plans to develop the activities of the company taking into account the general economic conditions and opportunities which are likely to exist in the forthcoming year.

EVENTS SINCE THE YEAR END

There have been no additional events since the balance sheet date which in the opinion of the director needs to be drawn to shareholders' attention.

FIXED ASSETS

Movements to fixed assets are shown in note 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

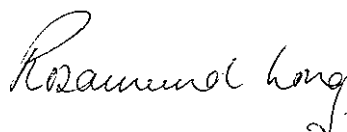
The directors who held office during the year are shown on page 1 and had the following interests in the share capital of the company:

	Ordinary Shares of £1 each	
	31.3.1997	31.3.1996
Mr T D Holland-Martin (Managing)	7,500	3,750
Mr R G Holland-Martin (as Trustee) (resigned 18 November 1996)	-	3,750

AUDITORS

A resolution to re-appoint Saffery Champness as auditors will be put to the members at the annual general meeting.

By Order of The Board



R S Long
Secretary

31 October 1997

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on pages 2 and 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

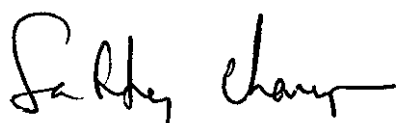
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS

Chartered Accountants

Registered Auditors

Fairfax House

Fulwood Place

Gray's Inn

London

WC1V 6UB

3 November 1997

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997	1996
TURNOVER	1	1,617,313	1,415,423
Cost of sales		844,981	734,267
GROSS PROFIT		772,332	681,156
Administrative expenses		155,464	187,125
		616,868	494,031
Other operating income	3	62,158	119,836
OPERATING PROFIT		679,026	613,867
Income from fixed asset investments	4	171,421	207,905
Exceptional items	5	333,094	309,954
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,183,541	1,131,726
Tax on profit on ordinary activities	7	358,173	327,727
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		825,368	803,999
Dividends	8	50,000	125,000
RETAINED PROFIT FOR THE YEAR		775,368	678,999
Transfer from reserves on purchase of own shares		(4,593,750)	-
		(3,818,382)	678,999
Profit and loss account brought forward		3,927,859	3,248,860
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		£109,477	£3,927,859

The notes and accounting policies on pages 7 to 12 form part of these financial statements.

A separate Movement of Shareholders' Funds note is not provided as there are no changes for the current or previous year other than the retained profit in the profit and loss account.

All recognised gains and losses are included in the profit and loss account.

BALANCE SHEET
31 MARCH 1997

	Notes	1997	1996
FIXED ASSETS			
Tangible fixed assets			
Freehold land, minerals and forests	9	879,125	859,686
Other tangible fixed assets	9	<u>418,003</u>	<u>268,160</u>
		1,297,128	1,127,846
Investments	10	<u>2,367,448</u>	<u>6,466,122</u>
		<u>3,664,576</u>	<u>7,593,968</u>
CURRENT ASSETS			
Stocks	11	8,384	8,137
Debtors	12	1,303,010	262,190
Cash at bank and in hand		<u>126</u>	<u>711,789</u>
		<u>1,311,520</u>	<u>982,116</u>
CREDITORS			
Amounts falling due within one year	13	<u>689,821</u>	<u>576,914</u>
NET CURRENT ASSETS		<u>621,699</u>	<u>405,202</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,286,275	7,999,170
PROVISION FOR LIABILITIES AND CHARGES			
	14	<u>319,298</u>	<u>213,811</u>
		<u>£3,966,977</u>	<u>£7,785,359</u>
CAPITAL AND RESERVES			
Called up share capital	15	7,500	7,500
Capital reserve		3,850,000	3,850,000
Profit and loss account		<u>109,477</u>	<u>3,927,859</u>
		<u>£3,966,977</u>	<u>£7,785,359</u>

The notes and accounting policies on pages 7 to 12 form part of these financial statements.

Approved by the Director on 31 October 1997



T D Holland-Martin

Director

ACCOUNTING POLICIES

A BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

B TURNOVER

Turnover represents invoiced amounts of goods sold and services provided net of Value Added Tax.

C TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land and forests, at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Plant and machinery	-	over 4 to 10 years
Motor vehicles	-	over 4 or 5 years
Office furniture and equipment	-	over 4 or 10 years
Minerals	-	directors' estimate of depletion

D STOCKS

Stocks are stated at the lower of cost and net realisable value.

E DEFERRED TAXATION

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a material tax liability or asset will crystallise in the foreseeable future.

F FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

G PROVISION FOR THE RE-INSTATEMENT OF LAND

The provision for re-instatement of land is based on the estimated costs of restoring the land to an acceptable environmental condition to comply with current legislation.

H FIXED ASSET INVESTMENTS

Listed and unlisted investments are stated at cost and provision is made for any permanent diminution in value.

Investment in the farming partnership is stated at original cost plus attributable profits to date less drawings made on account of these profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

1 TURNOVER

The turnover is derived from continuing activities carried out entirely in the United Kingdom.

2 STAFF COSTS

	1997	1996
Staff costs (including directors' remuneration) included in cost of sales and administrative expenses are as follows:		

Wages and salaries	362,388	318,262
Social security costs	34,455	32,071
Other pension costs (see Note 17)	1,500	33,200
	<u>398,343</u>	<u>£383,533</u>

The average weekly number of employees (including directors) during the year was made up as follows:

	Number	Number
Office and management	4	4
Production and haulage	<u>21</u>	<u>21</u>
	<u>25</u>	<u>25</u>

Directors' remuneration consists of:

	1997	1996
Fees	2,500	5,000
Other emoluments (including pension contributions and benefits in kind)	<u>40,255</u>	<u>66,350</u>
	<u>42,755</u>	<u>£71,350</u>

3 OTHER OPERATING INCOME

Rents receivable	29,572	23,049
Short term deposit interest receivable	32,478	94,155
Other income	108	2,632
	<u>£62,158</u>	<u>£119,836</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (continued)

4	INCOME FROM FIXED ASSET INVESTMENTS	1997	1996
	Income from investments	171,421	178,289
	Overbury Farms - share of profit (see Note 18)	-	29,616
		<u>£171,421</u>	<u>£207,905</u>
5	EXCEPTIONAL ITEMS		
	Profit on disposal of fixed asset investments	377,227	359,568
	Amounts written off as a result of permanent reduction in value of fixed asset investments	(44,133)	(49,614)
		<u>333,094</u>	<u>£309,954</u>
6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
	Profit on ordinary activities before taxation is stated after charging:		
	Directors' remuneration	£37,500	£65,000
	Auditors' remuneration	£8,000	£6,000
	Depreciation and depletion	£121,219	£123,768
	Provision for re-instatement of land	£134,572	£51,076
	Hire of plant and machinery	-	£38,914
		<u></u>	<u></u>
7	TAX ON PROFIT ON ORDINARY ACTIVITIES		
	Based on the profit for the year:		
	Corporation tax at 33% (1996: 33%)	317,925	300,247
	Corporation tax under provided in prior years	17,523	1,812
	Tax credits attributable to dividends received	22,725	25,668
		<u>£358,173</u>	<u>£327,727</u>
8	DIVIDENDS		
	Interim dividend paid (1996: £6.67 per share)	-	50,000
	Additional interim dividend paid (1996: £6.67)	-	50,000
	Final proposed paid of £6.67 per share (1996: £6.67 per share)	50,000	50,000
		<u>50,000</u>	<u>150,000</u>
	Dividend waived - second interim	-	25,000
		<u>£50,000</u>	<u>£125,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (continued)

9 TANGIBLE FIXED ASSETS

FREEHOLD LAND, MINERALS AND FORESTS

	Freehold Land	Minerals	Forests	Total
COST				
At 1 April 1996	365,263	212,029	457,152	1,034,444
Additions	-	-	24,130	24,130
At 31 March 1997	<u>365,263</u>	<u>212,029</u>	<u>481,282</u>	<u>1,058,574</u>
DEPLETION PROVISION				
At 1 April 1996	-	174,758	-	174,758
Charge for year	-	4,691	-	4,691
At 31 March 1997	<u>-</u>	<u>179,449</u>	<u>-</u>	<u>179,449</u>
NET BOOK VALUE				
At 31 March 1997	<u>365,263</u>	<u>32,580</u>	<u>481,282</u>	<u>879,125</u>
At 31 March 1996	<u>£365,263</u>	<u>£37,271</u>	<u>£457,152</u>	<u>£859,686</u>

OTHER TANGIBLE FIXED ASSETS

	Plant and Machinery	Motor Vehicles	Office Furniture and Equipment	Total
COST				
At 1 April 1996	588,352	452,451	20,568	1,061,371
Additions	244,894	14,435	7,989	267,318
Disposals	(1,035)	(96,194)	-	(97,229)
At 31 March 1997	<u>832,211</u>	<u>370,692</u>	<u>28,557</u>	<u>1,231,460</u>
DEPRECIATION				
At 1 April 1996	518,944	253,744	20,523	793,211
Charge for year	43,205	73,278	45	116,528
Disposals	(1,035)	(95,247)	-	(96,282)
At 31 March 1997	<u>561,114</u>	<u>231,775</u>	<u>20,568</u>	<u>813,457</u>
NET BOOK VALUE				
At 31 March 1997	<u>271,097</u>	<u>138,917</u>	<u>7,989</u>	<u>418,003</u>
At 31 March 1996	<u>£69,408</u>	<u>£198,707</u>	<u>£45</u>	<u>£268,160</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (continued)

10 INVESTMENTS

	1997		1996	
	Cost	Market Value	Cost	Market Value
Listed - UK	1,295,220	2,496,180	3,372,021	4,183,711
- Overseas	767,196	1,097,914	2,456,044	2,571,465
Unlisted - Unit Trusts	305,032	435,252	568,057	1,141,413
Overbury Farms partnership (see Note 18)	-	-	70,000	70,000
	<u>£2,367,448</u>	<u>£4,029,346</u>	<u>£6,466,122</u>	<u>£7,966,589</u>

11 STOCKS

	1997	1996
Sand and gravel	5,157	5,170
Fuel and oil	<u>3,227</u>	<u>2,967</u>
	<u>8,384</u>	<u>£8,137</u>

12 DEBTORS

Due within one year:

Trade debtors	330,483	207,393
Prepayments and accrued income	33,194	24,679
Overbury Farms current account	20,118	30,118
Advance Corporation Tax	<u>919,215</u>	<u>-</u>
	<u>£1,303,010</u>	<u>£262,190</u>

13 CREDITORS

Amounts falling due within one year:

Trade creditors	25,026	148,668
Corporation tax	77,967	288,253
Other taxes and social security costs	131,176	8,527
Accruals	100,105	56,466
Proposed dividends	50,000	75,000
Bank overdraft	<u>297,941</u>	<u>-</u>
	<u>£682,215</u>	<u>£576,914</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (continued)

14 PROVISIONS FOR LIABILITIES AND CHARGES

	1997	1996
Provision for the re-instatement of land		
At 1 April 1996	213,811	182,638
Transfer from profit and loss account	134,572	51,076
	348,383	233,714
Less: Expenditure during year	29,085	19,903
At 31 March 1997	<u>319,298</u>	<u>£213,811</u>

15 CALLED UP SHARE CAPITAL

	1997	1996
Equity Interests:		
Authorised, allotted and fully paid shares of £1 each	<u>£7,500</u>	<u>£7,500</u>

On 18 November 1996 the company bought back 3,750 of the issued ordinary £1 shares. On 19 November 1996 the company increased its authorised share capital by 3,750 ordinary £1 shares and issued these on the same day to the existing member as fully paid bonus shares out of existing reserves.

16 CAPITAL COMMITMENTS

	1997	1996
Capital expenditure authorised by the directors but not contracted for	<u>£-</u>	<u>£-</u>

17 PENSION COSTS

The company makes payments to a defined contribution pension scheme on behalf of some of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The costs, which are charged to the profit and loss account as they arise, amounted to £1,500 (1996: £33,200) during the year.

18 PARTICIPATING INTEREST

The company had a 5% share of a farming partnership, trading as Overbury Farms, in which Mr T D Holland-Martin is a 47.5% partner.

On 30 April 1996 the company withdrew as partner from the farming partnership.