

PIONEER AGGREGATES (UK) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
30 June 1997



The Company's Registered Number is 648560

PIONEER AGGREGATES (UK) LIMITED

REPORT OF THE DIRECTORS
for the year ended 30 June 1997

The directors present their annual report together with the accounts and auditors' report for the year ended 30 June 1997.

1. PRINCIPAL ACTIVITY

The principal activity of the company is the extraction, processing and sale of aggregates.

2. RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4. A dividend of £5,307,092 was paid during the year (1996 - £14,313,593).

3. BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The demand for aggregates fell further in the year.

During the year, work continued on the upgrading of the quarry at Forest Wood near Cardiff and a replacement coating plant was commissioned there at the end of the year.

The trading performance of the associated company, United Marine Aggregates group continued to improve and building work on two new aggregate dredgers neared completion. Both vessels have been commissioned since the year end.

The company continues to place great emphasis on continually improving safety performance and environmental management and again won various awards during the year. The company also continues to devote significant amounts of capital expenditure to keep environmental performance ahead of public expectations. The directors are concerned that it continues to become more time consuming and difficult to obtain planning consent for mineral deposits and this will, inevitably, have the effect of making minerals more expensive. The directors also note, with concern, the suggestion of the chancellor that he is considering whether an aggregate tax should be introduced. The company fully supports the view of the Quarry Products Association that there is no environmental justification for aggregates taxation. Sufficient powers already exist to regulate effectively the industry's environmental impacts. Aggregates have a wide range of uses which are environmentally and socially beneficial. A tax would increase the cost of construction, be economically damaging and threaten jobs. Since 40% of aggregates are used by public sector clients the Government would be taxing itself.

The level of construction orders is increasing and so there should be an improvement in demand for the product for the next year or two. The company continues to invest in new equipment and technology to reduce its cost base and seek out opportunities for profitable growth.

4. DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 30 June 1997 were:

T B M Holcroft	J R Taylor
D L Bratt	C P Cobb
F S C Manson	I Wardle

None of the directors had, at 30 June 1997 or 1 July 1996, a notifiable interest in the shares or debentures of the company or any other group undertaking.

PIONEER AGGREGATES (UK) LIMITED**REPORT OF THE DIRECTORS**

for the year ended 30 June 1997

(continued)

5. DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors are required by company law to prepare accounts 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 its profit or loss for the year. The directors confirm that suitable accounting policies have been consistently applied in the preparation of the accounts, supported by reasonable and prudent judgements and estimates as necessary; applicable accounting standards have been followed, and the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company at any time and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for ensuring the operation of systems of internal control for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

6. FIXED ASSETS

Details of changes in tangible fixed assets and fixed asset investments are set out in notes 6 and 7 to the accounts.

7. EMPLOYEES AND EMPLOYMENT OF DISABLED PERSONS

The directors are committed to ensuring that all employees feel themselves fully involved in the activities and progress of the company. This is achieved by an active programme including meetings and site visits, publication of various internal newsletters and by active encouragement of the activities of the Pioneer Mixconcrete Sports and Social Club.

The company makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

8. CHARITABLE DONATIONS

Donations made by the company during the year for charitable purposes amounted to £5,130 (1996 - £2,441). No political donations were made.

9. SUPPLIERS' PAYMENT POLICY

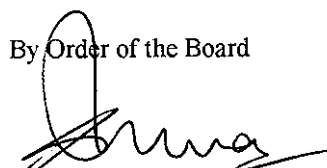
Our strategy is to have mutually beneficial long term relationships with our suppliers. The company's policy is to agree the terms of payment with suppliers in advance and abide by those terms. Creditors are generally paid 30 days from the month of the invoice.

10. AUDITORS

A resolution will be submitted to the Annual General Meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Pioneer House
56-60 Northolt Road
South Harrow
Middlesex
HA2 0EY

By Order of the Board


Secretary
A L J Thomas

7 November 1997

**AUDITORS' REPORT TO THE SHAREHOLDER
OF PIONEER AGGREGATES (UK) LIMITED**

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
1 Surrey Street
London WC2R 2PS

Chartered Accountants and Registered Auditors

7 November 1997

PIONEER AGGREGATES (UK) LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 30 June 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	33,250,831	35,314,154
Change in stocks of finished goods		142,709	168,193
Other operating income		<u>2,603,895</u>	<u>1,054,244</u>
		<u>35,997,435</u>	<u>36,536,591</u>
Raw materials and consumables		(1,870,264)	(2,515,648)
Other external charges		(2,928,117)	(2,560,711)
Staff costs	4	(3,670,621)	(3,686,861)
Depreciation	6	(4,221,024)	(2,722,509)
Other operating charges		<u>(17,688,404)</u>	<u>(17,377,128)</u>
		<u>(30,378,430)</u>	<u>(28,862,857)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	5,619,005	7,673,734
Tax on profit on ordinary activities	5	<u>(2,080,411)</u>	<u>(2,410,612)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,538,594	5,263,122
Dividend paid		<u>(5,307,092)</u>	<u>(14,313,593)</u>
LOSS FOR THE YEAR TRANSFERRED FROM RESERVES	14	<u>(1,768,498)</u>	<u>(9,050,471)</u>

The accompanying notes are an integral part of this profit and loss account.

PIONEER AGGREGATES (UK) LIMITED**BALANCE SHEET AT 30 JUNE 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS			
Tangible assets	6	22,835,644	26,141,283
Investments	7	<u>23,618,637</u>	<u>23,618,637</u>
		<u>46,454,281</u>	<u>49,759,920</u>
CURRENT ASSETS			
Stocks	8	1,157,695	1,006,557
Debtors	9	7,747,100	6,021,888
Cash at bank and in hand		<u>1,207,308</u>	<u>1,586,916</u>
		10,112,103	8,615,361
CREDITORS (amounts falling due within one year)	10	<u>(20,127,167)</u>	<u>(19,091,838)</u>
NET CURRENT LIABILITIES		<u>(10,015,064)</u>	<u>(10,476,477)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,439,217	39,283,443
CREDITORS (amounts falling due after more than one year)	11	(31,704,252)	(31,704,252)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>-</u>	<u>(961,728)</u>
NET ASSETS		<u>4,734,965</u>	<u>6,617,463</u>
CAPITAL AND RESERVES			
Called-up share capital	13	2	2
Revaluation reserve	14	973,039	1,196,369
Other reserve	14	-	114,000
Profit and loss account	14	<u>3,761,924</u>	<u>5,307,092</u>
		<u>4,734,965</u>	<u>6,617,463</u>

Approved by the Board on 7 November 1997 and signed on its behalf by:

T B M Holcroft



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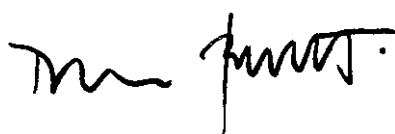
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D L Bratt



Directors

The accompanying notes are an integral part of this balance sheet.

PIONEER AGGREGATES (UK) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the profit attributable to the shareholder of the company of £3,538,594 in the year ended 30 June 1997 and £5,263,122 in the year ended 30 June 1996.

RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Profit for the year	3,538,594	5,263,122
Dividends	<u>(5,307,092)</u>	<u>(14,313,593)</u>
	(1,768,498)	(9,050,471)
Realisation of deferred profit from associate (note 14)	<u>(114,000)</u>	<u>(113,996)</u>
Net movement in shareholder's funds	(1,882,498)	(9,164,467)
Opening shareholder's funds	<u>6,617,463</u>	<u>15,781,930</u>
Closing shareholder's funds	<u>4,734,965</u>	<u>6,617,463</u>

NOTE OF HISTORICAL COST PROFITS

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before taxation	5,619,005	7,673,734
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	53,183	43,970
Realisation of property revaluation gains of previous years	<u>170,147</u>	<u>-</u>
Historical cost profit on ordinary activities before taxation	<u>5,842,335</u>	<u>7,717,704</u>
Historical cost loss for the year retained after taxation and dividends	<u>(1,545,168)</u>	<u>(9,006,501)</u>

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30 June 1997

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

(a) Accounting basis

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings. The accounts have been prepared in accordance with applicable accounting standards. In accordance with the exemptions allowed in Financial Reporting Standard 1 (revised), a cash flow statement has not been included in the accounts as the company is a wholly owned subsidiary of Pioneer International Limited (see note 19).

These accounts relate to the individual company only. Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of another body corporate, incorporated in England and Wales (see note 19) which prepares consolidated accounts in the required form.

(b) Tangible Fixed Assets

Land and buildings are shown at original historic cost or subsequent valuation as set out in note 6. Other fixed assets are shown at cost.

Depreciation and amortisation are provided on a straight line basis so as to write off the fixed assets over their estimated useful lives at the following rates:

Freehold buildings	- 2% per annum
Long leasehold property	- 2% per annum
Short leasehold property	- over the period of the lease
Plant and machinery	- 10% to 20% per annum
Motor vehicles	- 20% per annum

No depreciation is provided on non-mineral bearing freehold land.

(c) Investments

Fixed asset investments are shown at cost less amounts written off.

(d) Depletion

Depletion on mineral bearing land and related development costs is provided on the basis of aggregates extracted, to write the assets down to residual value over their useful lives.

(e) Development expenditure

Development costs, representing expenditure on sites on which mineral extraction has not yet commenced (including certain sites where planning applications are in progress), are carried forward in tangible fixed assets. These costs are written off or provided against if a site is unlikely to become operational.

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30 June 1997
(continued)

1. ACCOUNTING POLICIES (continued)

(f) Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 12.

(g) Stocks

Stocks are stated at the lower of cost, on a first in first out basis, and net realisable value. Cost includes all direct costs plus attributable overheads.

(h) Pensions

The company participates in a group pension plan which is based upon defined benefits. The assets of the plan are independent of the company's finances. The plan is funded by contributions partly from employees and partly from group undertakings. Company policy is to charge to the profit and loss account the total cost of providing pensions over the average estimated remaining service lives of pensionable employees.

Further information on pension costs is provided in note 17.

(i) Revaluation reserve

Surpluses arising on the revaluation of individual fixed assets are credited to a non-distributable revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account reserve. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account reserve.

(j) Operating leases

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

2. SEGMENT INFORMATION

All sales by the company were of aggregates to the contracting and building industries, and all were made within the UK.

PIONEER AGGREGATES (UK) LIMITED**NOTES TO THE ACCOUNTS**
for the year ended 30 June 1997
(continued)3. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Amounts payable under operating leases	737,386	494,468
Hire of plant and machinery	2,606,068	2,404,442
Staff costs (note 4)	3,670,621	3,686,861
Group management charges	1,833,498	1,565,742
Depreciation charges	4,221,024	2,722,509
Loss on sale of fixed assets	<u>-</u>	<u>133</u>
After crediting:		
Profit on sale of fixed assets	<u>1,360,596</u>	<u>187,354</u>

Auditors' remuneration is borne by the parent company, Pioneer Concrete Holdings PLC.

4. **DIRECTORS' EMOLUMENTS AND PARTICULARS OF EMPLOYEES**

The remuneration of the directors was as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Emoluments	<u>78,485</u>	<u>80,403</u>

The average monthly number of persons employed by the company during the year was:

	<u>1997</u>	<u>1996</u>
	Number	Number
Production staff	144	147
Administration and sales staff	<u>51</u>	<u>55</u>
	<u>195</u>	<u>202</u>

Staff costs were:	<u>1997</u>	<u>1996</u>
	£	£
Wages and salaries	3,351,180	3,355,526
Social security costs	295,957	308,673
Pension costs	<u>23,484</u>	<u>22,662</u>
	<u>3,670,621</u>	<u>3,686,861</u>

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30 June 1997
(continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £	<u>1996</u> £
The tax charge comprises:		
UK corporation tax @ 31%/33% (1996 - 33%)		
- current year	2,490,537	2,276,237
Transfer (from)/to deferred tax		
- current year	(432,332)	134,375
Adjustment to deferred tax due to change in tax rate	<u>22,206</u>	<u>-</u>
	<u>2,080,411</u>	<u>2,410,612</u>

6. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £	<u>Leasehold Property</u> Long leases £	Short leases £	Plant, machinery and equipment £	Motor vehicles £	<u>Total</u> £
Cost or valuation						
At 1 July 1996	27,100,457	366,416	7,917,276	29,301,985	53,032	64,739,166
Additions	128,770	-	476,282	1,518,776	-	2,123,828
Disposals	(1,544,555)	-	(1,941)	(212,328)	(16,253)	(1,775,077)
Transfers in from group undertakings	-	-	-	342,406	-	342,406
Transfers out to group undertakings	<u>(127,094)</u>	<u>-</u>	<u>(4,993)</u>	<u>(56,930)</u>	<u>-</u>	<u>(189,017)</u>
 At 30 June 1997	<u>25,557,578</u>	<u>366,416</u>	<u>8,386,624</u>	<u>30,893,909</u>	<u>36,779</u>	<u>65,241,306</u>
Depreciation						
At 1 July 1996	15,547,853	14,423	5,991,891	16,994,483	49,233	38,597,883
Charge for the year	1,267,270	-	867,202	2,082,753	3,799	4,221,024
Disposals	(439,490)	-	(675)	(211,212)	(16,253)	(667,630)
Transfers in from group undertakings	-	-	-	290,611	-	290,611
Transfers out to group undertakings	<u>(33,389)</u>	<u>-</u>	<u>(1,414)</u>	<u>(1,423)</u>	<u>-</u>	<u>(36,226)</u>
 At 30 June 1997	<u>16,342,244</u>	<u>14,423</u>	<u>6,857,004</u>	<u>19,155,212</u>	<u>36,779</u>	<u>42,405,662</u>
Net book value						
At 30 June 1997	<u>9,215,334</u>	<u>351,993</u>	<u>1,529,620</u>	<u>11,738,697</u>	<u>-</u>	<u>22,835,644</u>
At 1 July 1996	<u>11,552,604</u>	<u>351,993</u>	<u>1,925,385</u>	<u>12,307,502</u>	<u>3,799</u>	<u>26,141,283</u>

Included in freehold land and buildings is an amount of £708,543 (1996 - £942,128) of freehold land which is not depreciated, and £6,168,000 (1996 - £7,083,000) of acquisition and development costs relating to mineral bearing sites held to meet future extraction needs and not yet in use.

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30 June 1997
(continued)

6. TANGIBLE FIXED ASSETS (continued)

The cost or valuation figure at 30 June 1997 for land and buildings is represented by:

	Freehold land and buildings	Leasehold property		Total
		Long leases	Short leases	
	£	£	£	£
Valuation in 1988	500,000	-	-	500,000
Valuation in 1983	973,000	-	1,815,000	2,788,000
At cost	<u>24,084,578</u>	<u>366,416</u>	<u>6,571,624</u>	<u>31,022,618</u>
	<u>25,557,578</u>	<u>366,416</u>	<u>8,386,624</u>	<u>34,310,618</u>

The net book value of freehold land and buildings comprises:

	<u>1997</u>	<u>1996</u>
	£	£
Freehold land	9,079,252	11,209,054
Freehold buildings	<u>136,082</u>	<u>343,550</u>
	<u>9,215,334</u>	<u>11,552,604</u>

Mineral land and buildings and certain long and short leasehold properties were revalued on the basis of an open market valuation for existing use at 30 June 1983 and freehold non-mineral bearing land was similarly revalued by the directors at 1 March 1988. If the properties had not been revalued they would have been included at the following amounts:

	Freehold land and buildings	Leasehold property		Total
		Long leases	Short leases	
	£	£	£	£
Cost	25,139,410	366,416	7,018,694	32,524,520
Depreciation based on cost	<u>(16,311,459)</u>	<u>(14,423)</u>	<u>(6,074,730)</u>	<u>(22,400,612)</u>
	<u>8,827,951</u>	<u>351,993</u>	<u>943,964</u>	<u>10,123,908</u>

PIONEER AGGREGATES (UK) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30 June 1997
(continued)

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Other investments £	Shares in associated undertaking £	Loans to associated undertaking £	Total £
Cost less amounts written off					
At 1 July 1996 and 30 June 1997	<u>18,640,726</u>	<u>2,233</u>	<u>2,000,000</u>	<u>4,400,000</u>	<u>25,042,959</u>
Provisions for diminution in value					
At 1 July 1996 and 30 June 1997	<u>(1,424,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,424,322)</u>
Net book value					
At 30 June 1997	<u>17,216,404</u>	<u>2,233</u>	<u>2,000,000</u>	<u>4,400,000</u>	<u>23,618,637</u>
Net book value					
At 30 June 1996	<u>17,216,404</u>	<u>2,233</u>	<u>2,000,000</u>	<u>4,400,000</u>	<u>23,618,637</u>

The company's principal subsidiary undertaking which is wholly owned and incorporated in England and Wales, is TMC Pioneer Aggregates Limited.

The shares in associated undertaking represent a 50% interest in the issued share capital of United Marine Holdings Limited, a company incorporated in Great Britain.

The profit after taxation for the year ended 30 June 1997 of United Marine Holdings Limited amounted to £1,992,843 (1996 - £564,003) and the net surplus on share capital and reserves at 30 June 1997 was £5,074,819 (1996- £3,153,107).

In the opinion of the directors the investments in subsidiaries and associated undertakings are worth not less than the amount stated above.

8. STOCKS

	<u>1997</u> £	<u>1996</u> £
Raw materials and consumables	73,034	64,605
Finished goods and goods for resale	<u>1,084,661</u>	<u>941,952</u>
	<u>1,157,695</u>	<u>1,006,557</u>

The directors do not consider the replacement cost of stocks to be materially different from the balance sheet value.

PIONEER AGGREGATES (UK) LIMITED**NOTES TO THE ACCOUNTS**

for the year ended 30 June 1997

(continued)

9. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	3,810,349	3,861,727
Other debtors	2,075,059	738,327
Prepayments and accrued income	1,517,495	1,421,834
Deferred taxation (note 12)	<u>344,197</u>	<u>-</u>
	<u>7,747,100</u>	<u>6,021,888</u>

10. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	<u>1997</u>	<u>1996</u>
	£	£
Trade creditors	2,018,230	2,256,824
Amounts owed to parent company and other group undertakings	8,413,084	8,879,637
Corporation tax	3,939,068	2,770,497
Other creditors	518,277	583,507
Other taxes and social security	127,268	47,656
Accruals and deferred income	<u>5,111,240</u>	<u>4,553,717</u>
	<u>20,127,167</u>	<u>19,091,838</u>

11. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	<u>1997</u>	<u>1996</u>
	£	£
Amount owed to parent company	<u>31,704,252</u>	<u>31,704,252</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1997</u>	<u>1996</u>
	£	£
Deferred taxation		
Beginning of year	961,728	827,353
Transfer (to)/from profit and loss account	(410,126)	134,375
Transfer to corporation tax provision	<u>(895,799)</u>	<u>-</u>
End of year	<u>(344,197)</u>	<u>961,728</u>

PIONEER AGGREGATES (UK) LIMITED**NOTES TO THE ACCOUNTS**

for the year ended 30 June 1997

(continued)

12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The deferred taxation balance at 30 June is made up as follows:

	<u>Provided</u>		<u>Potential</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Accelerated capital allowances	709,939	1,016,401	709,939	1,016,401
Other timing differences	(1,054,136)	(54,673)	(1,054,136)	(54,673)
Deferred tax on revaluation surpluses	-	-	865,878	1,203,139
Realised capital gains rolled over	-	-	460,763	490,489
	<u>(344,197)</u>	<u>961,728</u>	<u>982,444</u>	<u>2,655,356</u>

The deferred taxation asset is included in debtors (see note 9)

Deferred tax is provided in full except on rolled over capital gains and revaluation surpluses as the relevant assets are not held for disposal. The potential liability is shown above.

13. CALLED-UP SHARE CAPITAL

	<u>1997 and 1996</u>
Authorised:	
2,000 ordinary shares of £1 each	<u>£2,000</u>
Issued, allotted and fully paid:	
2 ordinary shares of £1 each	<u>£2</u>

14. RESERVES

	<u>Revaluation</u>	<u>Other</u>	<u>Profit and loss</u>
	£	£	£
At 1 July 1996	1,196,369	114,000	5,307,092
Loss for the year	-	-	(1,768,498)
Amortisation of revaluation surplus	(53,183)	-	53,183
Realisation of deferred profit	-	(114,000)	-
Disposal	<u>(170,147)</u>	<u>-</u>	<u>170,147</u>
At 30 June 1997	<u>973,039</u>	<u>-</u>	<u>3,761,924</u>

The other reserve represents 50% of profits arising on the sale of assets to a 50% owned associated undertaking.

15. CONTINGENT LIABILITIES

(a) Bank Guarantee

The company is party to a cross guarantee in respect of bank accounts in the name of Pioneer Concrete Group. At 30 June 1997 the account was overdrawn in the holding company's books to the extent of £Nil (1996 - £Nil).

(b) Guarantees of Performance

The company has indemnified its bankers who are surety for £995,196 (1996 - £305,196) in respect of performance guarantees to customers.

PIONEER AGGREGATES (UK) LIMITED**NOTES TO THE ACCOUNTS**

for the year ended 30 June 1997

(continued)

15. CONTINGENT LIABILITIES (continued)

(c) Assigned Leases

The company has assigned the leases of premises, which it formerly occupied, under terms which include guarantees by the group companies of the assignees' performance under the terms of the leases.

(d) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

16. FINANCIAL COMMITMENTS

(a) Operating lease commitments

The minimum annual rentals under operating lease agreements are as follows:

Operating leases which expire:

	<u>1997</u>		<u>1996</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£	£	£	£
Within 1 year	8,067	20,288	-	7,405
Within 2-5 years	21,771	103,580	13,067	128,651
After 5 years	<u>366,018</u>	<u>-</u>	<u>373,188</u>	<u>-</u>
	<u>395,856</u>	<u>123,868</u>	<u>386,255</u>	<u>136,056</u>

(b) Capital Expenditure Commitments

	<u>1997</u>	<u>1996</u>
	£	£
Capital commitments:		
Contracted for but not provided for	2,392,000	710,000
Authorised but not contracted for	<u>3,380,000</u>	<u>3,539,000</u>
	<u>5,772,000</u>	<u>4,249,000</u>

PIONEER AGGREGATES (UK) LIMITED**NOTES TO THE ACCOUNTS**

for the year ended 30 June 1997

(continued)

17. PENSIONS

The company participates in a group pension plan operated for Pioneer Concrete Holdings PLC and its subsidiary undertakings. The plan provides benefits based on final pensionable pay and the assets of the plan are held separately from the group.

Contributions to the plan are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives and the company's contributions are based on pension costs and surpluses across the group as a whole. The actuarial position is determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Details of pension arrangements and the actuarial position are disclosed in the accounts of Pioneer Concrete Holdings PLC.

The pension cost provided in the year was £23,484 (1996- £22,662).

18. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Pioneer International Limited whose accounts are publicly available, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by Pioneer International Limited.

19. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Pioneer International Limited, incorporated in Australia.

The largest group in which the results of Pioneer Aggregates (UK) Limited are consolidated is that headed by Pioneer International Limited, incorporated and registered in Australia, whose principal place of business is at Level 46, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000, Australia.

The smallest group in which the company is consolidated is that headed by Pioneer Concrete Holdings PLC, incorporated and registered in England and Wales, whose principal place of business is at Pioneer House, 56-60 Northolt Road, South Harrow, Middlesex HA2 0EY.

The consolidated accounts of both groups are available to the public from Pioneer House, 56-60 Northolt Road, South Harrow, Middlesex HA2 0EY.