

**PIONEER AGGREGATES (UK) LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**for the year ended**  
**30 June 1996**



**PIONEER AGGREGATES (UK) LIMITED**

**REPORT OF THE DIRECTORS**

for the year ended 30 June 1996

The directors present their annual report together with the accounts and auditors' report for the year ended 30 June 1996.

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 £14,313,593 was paid during the year (1995 - £Nil).

3. BUSINESS REVIEW AND FUTURE DEVELOPMENTS

There was a fall in the level of construction activity during the year with output from the company's quarries down.

Since the end of the financial year the company has authorised expenditure to upgrade the crushing, screening and coating plant at Forest Wood near Cardiff.

The trading position of the associated companies, the United Marine Aggregates group, continued to improve but there continues to be some way to go before profits reach satisfactory levels. Orders were placed during the year for two new dredging vessels which will replace four older vessels by the end of the 1996/97 financial year.

The company places great emphasis on continuously improving safety performance and environmental management and won various awards during the year. The company's Mountcastle Quarry won the BACMI Health and Safety Award for the second year. The company again won the Pioneer International Director's Award for Environmental Performance - this year at the Mold Quarry. The directors are concerned that it becomes progressively more time consuming and difficult to obtain planning consent for mineral deposits and this will, inevitably, have the effect of making minerals more expensive.

Certain sectors of the construction market, most notably road building, continue to suffer from lower levels of activity and this will mean that sales volumes in 1996/97 will be lower than in 1995/96. The company continues to invest in new equipment and technology to reduce its cost base and to seek out opportunities for profitable growth.

4. DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 30 June 1996 were:

T B M Holcroft	J R Taylor	
D L Bratt	A H Smith	(appointed 2.1.96 - resigned 30.1.96)
F S C Manson	C P Cobb	
M A Ogden (resigned 6.12.95)	I Wardle	(appointed 1.6.96)

None of the directors had, at 30 June 1996 or 1 July 1995, or on appointment during the year, 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 1996

(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 an internal newsletter (Pioneer News U.K.) and by active encouragement of the activities of the Pioneer Mixconcrete Sports and Social Club.

The company is committed to a policy of equal employment opportunity to ensure that there are no discriminatory practices or measures in place which may hinder equitable selection, progress or access to benefits of all employees including, but not limited to, those with disabilities. Accordingly, the company will be taking all appropriate action to comply with the Disability Discrimination Act 1996.

8. **CHARITABLE DONATIONS**

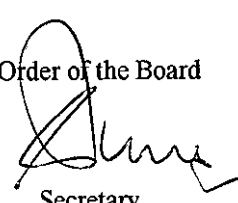
Donations made by the company during the year for charitable purposes amounted to £2,441 (1995 - £2,057). No political donations were made.

9. **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

12 December 1996

**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 1996 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

12 December 1996

**PIONEER AGGREGATES (UK) LIMITED****PROFIT AND LOSS ACCOUNT**  
for the year ended 30 June 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	35,314,154	37,474,043
Change in stocks of finished goods		168,193	56,608
Other operating income		1,054,244	994,419
		<hr/>	<hr/>
		36,536,591	38,525,070
		<hr/>	<hr/>
Raw materials and consumables		(2,515,648)	(2,481,125)
Other external charges		(2,560,711)	(2,461,187)
Staff costs	4	(3,686,861)	(3,831,396)
Depreciation	6	(2,722,509)	(3,526,094)
Other operating charges		(17,377,128)	(17,256,675)
		<hr/>	<hr/>
		(28,862,857)	(29,556,477)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	7,673,734	8,968,593
Tax on profit on ordinary activities	5	(2,410,612)	(3,334,024)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,263,122	5,634,569
Dividend paid		(14,313,593)	-
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE YEAR TRANSFERRED (FROM)/TO RESERVES	14	(9,050,471)	5,634,569
		<hr/>	<hr/>

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

**PIONEER AGGREGATES (UK) LIMITED****BALANCE SHEET AT 30 JUNE 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Tangible assets	6	26,141,283	22,728,916
Investments	7	23,618,637	24,295,637
		<hr/>	<hr/>
		49,759,920	47,024,553
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	8	1,006,557	838,976
Debtors	9	6,021,888	9,625,834
Cash at bank and in hand		1,586,916	515,101
		<hr/>	<hr/>
		8,615,361	10,979,911
<b>CREDITORS (amounts falling due within one year)</b>	10	(19,091,838)	(9,690,929)
		<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		(10,476,477)	1,288,982
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		39,283,443	48,313,535
		<hr/>	<hr/>
<b>CREDITORS (amounts falling due after more than one year)</b>	11	(31,704,252)	(31,704,252)
		<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(961,728)	(827,353)
		<hr/>	<hr/>
<b>NET ASSETS</b>		<u>6,617,463</u>	<u>15,781,930</u>
 <b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	2	2
Revaluation reserve	14	1,196,369	1,240,339
Other reserve	14	114,000	227,996
Profit and loss account	14	5,307,092	14,313,593
		<hr/>	<hr/>
		<u>6,617,463</u>	<u>15,781,930</u>

Approved by the Board on 12 December 1996 and signed on its behalf by:

T B M Holcroft

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 in either year other than as shown below in the reconciliation of movement on shareholder's funds.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit for the year	5,263,122	5,634,569
Dividends	(14,313,593)	-
	<u>(9,050,471)</u>	<u>5,634,569</u>
Realisation of deferred profit from associate (note 14)	(113,996)	(114,000)
	<u>(9,164,467)</u>	<u>5,520,569</u>
Net movement in shareholder's funds	(9,164,467)	5,520,569
Opening shareholder's funds	15,781,930	10,261,361
	<u>6,617,463</u>	<u>15,781,930</u>
Closing shareholder's funds	<u>6,617,463</u>	<u>15,781,930</u>

**NOTE OF HISTORICAL COST PROFITS**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before taxation	7,673,734	8,968,593
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	43,970	145,769
	<u>7,717,704</u>	<u>9,114,362</u>
Historical cost profit on ordinary activities before taxation	<u>7,717,704</u>	<u>9,114,362</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(9,006,501)</u>	<u>5,780,338</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the year ended 30 June 1996**

**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 and on the basis that continued support will be forthcoming from the parent company, Pioneer Concrete Holdings PLC, for the foreseeable future. In accordance with the exemptions allowed in Financial Reporting Standard 1, a cash flow statement has not been included in the accounts as the company is a wholly owned subsidiary of Pioneer Concrete Holdings PLC (see note 17). A consolidated cash flow statement is included in the accounts of Pioneer Concrete Holdings PLC.

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 17) 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 1996  
(continued)

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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 16.

(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 1996  
(continued)

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	<u>1996</u>	<u>1995</u>
	£	£
Amounts payable under operating leases	494,468	485,485
Hire of plant and machinery	2,404,442	2,311,633
Staff costs (note 4)	3,686,861	3,831,396
Group management charges	1,565,742	1,383,823
Depreciation charges	2,722,509	3,526,094
Loss on sale of fixed assets	133	-
	<u>          </u>	<u>          </u>
After crediting:		
Profit on sale of fixed assets	<u>187,354</u>	<u>224,841</u>

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

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

	<u>1996</u>	<u>1995</u>
Directors' remuneration amounted to:		
Remuneration as executives	<u>£80,403</u>	<u>£73,763</u>

Directors' remuneration, excluding pension contributions, is as follows:

Highest paid director	<u>£80,403</u>	<u>£73,763</u>
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Directors remuneration, excluding pension contributions, falls within the following bands:

	<u>1996</u>	<u>1995</u>
	<u>Number</u>	<u>Number</u>
£0 - £5,000	7	7
£70,001 - £75,000	-	1
£75,001 - £80,000	1	-
	<u>8</u>	<u>8</u>

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

	<u>1996</u>	<u>1995</u>
	<u>Number</u>	<u>Number</u>
Production staff	147	153
Administration and sales staff	55	55
	<u>202</u>	<u>208</u>
Staff costs were:		
	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	3,355,526	3,489,942
Social security costs	308,673	326,041
Pension costs	22,662	15,413
	<u>3,686,861</u>	<u>3,831,396</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1996  
(continued)

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1996</u>	<u>1995</u>
	£	£
The charge comprises:		
UK corporation tax @ 33%		
- current year	2,276,237	3,256,956
Transfer to deferred tax		
- current year	134,375	77,068
	<u>2,410,612</u>	<u>3,334,024</u>

**6. TANGIBLE FIXED ASSETS**

	<u>Freehold land and buildings</u>	<u>Leasehold Property</u>	<u>Leasehold Property</u>	<u>Plant machinery and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	<u>Long leases</u>	<u>Short leases</u>	£	£	£
<b>Cost or valuation</b>						
At 1 July 1995	26,746,536	14,423	7,770,036	24,412,519	69,998	59,013,512
Additions	377,814	-	499,233	5,257,666	1,460	6,136,173
Disposals	(23,893)	-	-	(324,707)	(22,176)	(370,776)
Transfers in from group undertakings	-	-	-	3,252	3,750	7,002
Transfers out to group undertakings	-	-	-	(46,745)	-	(46,745)
Reclassifications	-	351,993	(351,993)	-	-	-
	<u>27,100,457</u>	<u>366,416</u>	<u>7,917,276</u>	<u>29,301,985</u>	<u>53,032</u>	<u>64,739,166</u>
<b>Depreciation</b>						
At 1 July 1995	14,863,796	14,423	5,777,513	15,576,473	52,391	36,284,596
Charge for the year	707,950	-	214,378	1,787,411	12,770	2,722,509
Disposals	(23,893)	-	-	(324,554)	(18,428)	(366,875)
Transfers in from group undertakings	-	-	-	228	2,500	2,728
Transfers out to group undertakings	-	-	-	(45,075)	-	(45,075)
	<u>15,547,853</u>	<u>14,423</u>	<u>5,991,891</u>	<u>16,994,483</u>	<u>49,233</u>	<u>38,597,883</u>
<b>Net book value</b>						
At 30 June 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>
At 1 July 1995	<u>11,882,740</u>	<u>-</u>	<u>1,992,523</u>	<u>8,836,046</u>	<u>17,607</u>	<u>22,728,916</u>

Included in freehold land and buildings is an amount of £942,128 (1995 - £808,202) of freehold land which is not depreciated, and £7,083,000 (1995 - £7,441,000) 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 1996  
(continued)

## 6. TANGIBLE FIXED ASSETS (continued)

The cost or valuation figure at 30 June 1996 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	1,298,000	-	1,815,000	3,113,000
At cost	25,302,457	366,416	6,102,276	31,771,149
	<u>27,100,457</u>	<u>366,416</u>	<u>7,917,276</u>	<u>35,384,149</u>

The net book value of freehold land and buildings comprises:

	1996	1995
	£	£
Freehold land	11,209,054	11,485,782
Freehold buildings	343,550	396,958
	<u>11,552,604</u>	<u>11,882,740</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	26,412,156	366,416	6,549,346	33,327,918
Depreciation based on cost	(15,420,386)	(14,423)	(5,259,496)	(20,694,305)
	<u>10,991,770</u>	<u>351,993</u>	<u>1,289,850</u>	<u>12,633,613</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1996  
(continued)

**7. FIXED ASSET INVESTMENTS**

	<u>Shares in group undertakings</u> £	<u>Other investments</u> £	<u>Shares in associated undertaking</u> £	<u>Loans to associated undertaking</u> £	<u>Total</u> £
Cost less amounts written off					
At 1 July 1995	18,640,726	2,233	2,000,000	5,077,000	25,719,959
Transfer to current debtors	-	-	-	(677,000)	(677,000)
At 30 June 1996	<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 1995 and 30 June 1996	<u>(1,424,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,424,322)</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>
Net book value					
At 30 June 1995	<u>17,216,404</u>	<u>2,233</u>	<u>2,000,000</u>	<u>5,077,000</u>	<u>24,295,637</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 1996 of United Marine Holdings Limited amounted to £564,003 (1995 - (£556,528)) and the net surplus on share capital and reserves at 30 June 1996 was £3,153,107 (1995 - £1,356,581).

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>1996</u> £	<u>1995</u> £
Raw materials and consumables	64,605	65,217
Finished goods and goods for resale	941,952	773,759
	<u>1,006,557</u>	<u>838,976</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 1996

(continued)

## 9. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	3,861,727	3,872,219
Amounts owed by parent company and other group undertakings	-	4,509,075
Other debtors	738,327	453,885
Prepayments and accrued income	1,421,834	790,655
	<u>6,021,888</u>	<u>9,625,834</u>

## 10. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	<u>1996</u>	<u>1995</u>
	£	£
Trade creditors	2,256,824	2,013,884
Amounts owed to parent company and other group undertakings	8,879,637	-
Corporation tax	2,770,497	3,334,909
Other creditors	583,507	336,997
Other taxes and social security	47,656	141,152
Accruals and deferred income	4,553,717	3,863,987
	<u>19,091,838</u>	<u>9,690,929</u>

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

	<u>1996</u>	<u>1995</u>
	£	£
Amount owed to parent company	<u>31,704,252</u>	<u>31,704,252</u>

## 12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1996</u>	<u>1995</u>
	£	£
Deferred taxation		
Beginning of year	827,353	750,285
Transfer from profit and loss account	134,375	77,068
End of year	<u>961,728</u>	<u>827,353</u>

The deferred taxation balance at 30 June 1996 is made up as follows:

	<u>Provided</u>		<u>Potential</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Accelerated capital allowances	1,016,401	717,184	1,016,401	717,184
Other timing differences	(54,673)	110,169	(54,673)	110,169
Deferred tax on revaluation surpluses	-	-	1,203,139	1,324,148
Realised capital gains rolled over	-	-	490,489	490,489
	<u>961,728</u>	<u>827,353</u>	<u>2,655,356</u>	<u>2,641,990</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1996  
(continued)

## 12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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>1996 and 1995</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>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 July 1995	1,240,339	227,996	14,313,593
Loss for the year	-	-	(9,050,471)
Amortisation of revaluation surplus	(43,970)	-	43,970
Realisation of deferred profit	-	(113,996)	-
At 30 June 1996	<u>1,196,369</u>	<u>114,000</u>	<u>5,307,092</u>

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

## 15. FINANCIAL COMMITMENTS

## (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 1996 the account was overdrawn in the holding company's books to the extent of £Nil (1995 - £Nil).

## (b) Guarantees of Performance

The company has indemnified its bankers who are surety for £305,196 (1995 - £405,196) in respect of performance guarantees to customers.

## (c) Operating lease commitments

The company has operating lease commitments on agreements due to expire:

	<u>1996</u>		<u>1995</u>
	<u>Land and</u>		<u>Land and</u>
	<u>buildings</u>	<u>Other</u>	<u>buildings</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Within 1 year	-	7,405	-
Within 2-5 years	13,067	128,651	36,567
After 5 years	373,188	-	364,376
	<u>386,255</u>	<u>136,056</u>	<u>400,943</u>
			<u>Other</u>
			<u>£</u>
			12,586
			101,754
			-
			<u>114,340</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1996  
(continued)

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## 15. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

## (d) Capital Expenditure Commitments

	<u>1996</u>	<u>1995</u>
Capital commitments:	£	£
Contracted for but not provided for	710,000	5,812,000
Authorised but not contracted for	3,539,000	1,396,000
	<u>4,249,000</u>	<u>7,208,000</u>

## (e) 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.

## (f) 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. 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 £22,662 (1995 - £15,413).



**PIONEER AGGREGATES (UK) LIMITED****NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1996  
(continued)**17. 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.

Pioneer Concrete Holdings PLC has indicated its intention to provide financial support to the company to enable it to meet its obligations as they fall due, including the settlement of intercompany liabilities.

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