

**PIONEER AGGREGATES (UK) LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**

for the year ended

30 June 1998



The Company's Registered Number is 648560

**PIONEER AGGREGATES (UK) LIMITED**

**REPORT OF THE DIRECTORS**  
**for the year ended 30 June 1998**

The directors present their annual report together with the accounts and auditors' report for the year ended 30 June 1998.

**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. No dividend was paid during the year (1997 - £5,307,092).

**3. BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

Improvements in the construction market continued into this year and aggregate demand in the UK increased by 3% compared with 1996/97.

On 1 July 1997 the business and assets of a subsidiary company were acquired by the company.

During the year the upgrading of the Quarry plant at Forest Wood was completed.

The trading performance of the joint venture, United Marine Holdings improved for the third year running. United Marine Holdings took delivery of two new, high capacity dredgers, which replaced four older ships.

Year 2000 has wide ranging consequences for financial and operational computer systems. A detailed programme has been undertaken to identify areas where the company is at risk. Where problems have been identified, rectification work either has been, or will be carried out, in order to minimise the level of risk. The directors do not believe that this will result in any significant expenditure.

The company continues to place great emphasis on continually improving safety performance and environmental management and again won 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 remain concerned that planning consent for mineral deposits are increasingly time consuming and more difficult to obtain. The company fully supports the view of the Quarry Products Association that there is no environmental justification for aggregates taxation as suggested by the Chancellor. We believe sufficient powers already exist to regulate the industry's environmental impacts and the implementation of a voluntary scheme provides the best way forward.

It is anticipated that growth in the construction market will peak in the coming year. Activity in the global economy will result in some uncertainty in forecasts for the level of construction in the UK, although a number of large projects, coupled with the millennium initiatives should help maintain demand.

**4. DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year ended 30 June 1998 were:

T B M Holcroft	Resigned 30 January 1998	J R Taylor	
D L Bratt		C P Cobb	Resigned 30 September 1997
F S C Manson		I Wardle	
W G Colquitt	Appointed 9 February 1998	P R Deering	Appointed 3 November 1997

None of the directors had, at 30 June 1998 or 1 July 1997, 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 1998

(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 7 and 8 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 appropriate 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 £5,318 (1997 - £5,130). 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. The actual time taken to pay suppliers amounted to 21 days (1997 - 21 days).


**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

19 March 1999

By Order of the Board



Secretary  
A L J Thomas

**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 1998 and of its loss 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

19 March 1999

**PIONEER AGGREGATES (UK) LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER	2	41,199,988	33,250,831
Change in stocks of finished goods		(369,717)	142,709
Other operating income		<u>558,291</u>	<u>2,603,895</u>
		<u>41,388,562</u>	<u>35,997,435</u>
Raw materials and consumables		(2,035,117)	(1,870,264)
Other external charges		(4,559,028)	(2,928,117)
Staff costs	4	(3,930,031)	(3,670,621)
Depreciation	5	(2,888,641)	(4,221,024)
Other operating charges		<u>(22,106,411)</u>	<u>(17,688,404)</u>
		<u>(35,519,228)</u>	<u>(30,378,430)</u>
OPERATING PROFIT		5,869,334	5,619,005
Exceptional item	5	<u>(8,321,084)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(2,451,750)	5,619,005
Tax on profit on ordinary activities	6	<u>(1,499,409)</u>	<u>(2,080,411)</u>
(LOSS)/PROFIT AFTER TAXATION		(3,951,159)	3,538,594
Dividend paid		<u>-</u>	<u>(5,307,092)</u>
LOSS FOR THE YEAR	15	<u>(3,951,159)</u>	<u>(1,768,498)</u>
TRANSFERRED FROM RESERVES			

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

**PIONEER AGGREGATES (UK) LIMITED****BALANCE SHEET AT 30 JUNE 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
<b>FIXED ASSETS</b>			
Tangible assets	7	49,344,954	22,835,644
Investments	8	<u>14,447,553</u>	<u>23,618,637</u>
		<u>63,792,507</u>	<u>46,454,281</u>
<b>CURRENT ASSETS</b>			
Stocks	9	732,002	1,157,695
Debtors	10	9,202,705	7,747,100
Cash at bank and in hand		<u>36,327</u>	<u>1,207,308</u>
		9,971,034	10,112,103
CREDITORS (amounts falling due within one year)	11	<u>(26,996,342)</u>	<u>(20,127,167)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(17,025,308)</u>	<u>(10,015,064)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		46,767,199	36,439,217
CREDITORS (amounts falling due after more than one year)	12	(31,704,252)	(31,704,252)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(308,576)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>14,754,371</u>	<u>4,734,965</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	14	2	2
Revaluation reserve	15	14,780,844	973,039
Profit and loss account	15	<u>(26,475)</u>	<u>3,761,924</u>
		<u>14,754,371</u>	<u>4,734,965</u>

Approved by the Board on 19 March 1999 and signed on its behalf by:

W G Colquitt

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 loss attributable to the shareholder of the company of £3,951,159 in the year ended 30 June 1998 and profit of £3,538,594 in the year ended 30 June 1997.

RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>1998</u> £	<u>1997</u> £
(Loss)/Profit for the year	(3,951,159)	3,538,594
Dividends	<u>-</u>	<u>(5,307,092)</u>
	(3,951,159)	(1,768,498)
Realisation of deferred profit from joint venture	-	(114,000)
Transfer of revaluation reserve from group undertaking	<u>13,970,565</u>	<u>-</u>
Net movement in shareholder's funds	10,019,406	(1,882,498)
Opening shareholder's funds	<u>4,734,965</u>	<u>6,617,463</u>
Closing shareholder's funds	<u>14,754,371</u>	<u>4,734,965</u>

NOTE OF HISTORICAL COST PROFITS

	<u>1998</u> £	<u>1997</u> £
(Loss)/Profit before taxation	(2,451,750)	5,619,005
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	162,760	53,183
Realisation of property revaluation gains of previous years	<u>-</u>	<u>170,147</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(2,288,990)</u>	<u>5,842,335</u>
Historical cost loss for the year retained after taxation and dividends	<u>(3,788,399)</u>	<u>(1,545,168)</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1998

**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 whose accounts are publicly available (see note 20).

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 20) 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 7. 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 1998  
(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 13.

## (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 18.

## (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 an 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 relate to continuing operations. All sales were made within the UK.

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1998  
(continued)

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

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

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Amounts payable under operating leases	587,432	737,386
Hire of plant and machinery	3,372,422	2,606,068
Staff costs (note 4)	3,930,031	3,670,621
Group management charges	2,397,649	1,833,498
Depreciation charges	<u>2,888,641</u>	<u>4,221,024</u>
After crediting:		
Net profit on sale of fixed assets	<u>181,999</u>	<u>1,360,596</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>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Emoluments	<u>80,188</u>	<u>78,485</u>

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

	<u>1998</u>	<u>1997</u>
	<u>Number</u>	<u>Number</u>
Production staff	142	144
Administration and sales staff	<u>52</u>	<u>51</u>
	<u>194</u>	<u>195</u>

Staff costs were:	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Wages and salaries	3,534,867	3,351,180
Social security costs	319,306	295,957
Pension costs	<u>75,858</u>	<u>23,484</u>
	<u>3,930,031</u>	<u>3,670,621</u>

**5. EXCEPTIONAL ITEM**

	<u>Gross</u>	<u>Taxation</u>	<u>Net</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Provision for diminution in value of fixed asset investments	<u>8,321,084</u>	<u>-</u>	<u>8,321,084</u>

The exceptional item relates to the writing down of the fixed asset investment in TMC Pioneer Aggregates Limited to the carrying value of the net assets in the company.

**PIONEER AGGREGATES (UK) LIMITED**
**NOTES TO THE ACCOUNTS**  
 for the year ended 30 June 1998  
 (continued)

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
	£	£
The tax charge comprises:		
UK corporation tax at 31% (1997 - 31%/33%)		
- current year	1,811,822	2,490,537
- over provision previous year	(427,179)	-
Transfer to/(from) deferred tax		
- current year	87,743	(432,332)
- under provision previous year	37,308	-
Adjustment to deferred tax due to change in tax rate	<u>(10,285)</u>	<u>22,206</u>
	<u>1,499,409</u>	<u>2,080,411</u>

## 7. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Leasehold Property</u>	<u>Plant, machinery and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	Long leases £	Short leases £	£	£
<b>Cost or valuation</b>					
At 1 July 1997	25,557,578	366,416	8,386,624	30,893,909	65,241,306
Additions	788,391	22,403	743,574	4,040,096	5,606,326
Disposals	(31,975)	-	(27,829)	(786,277)	(847,627)
Transfers in from group undertakings	19,687,164	-	5,268,690	1,262,402	26,224,473
Transfers out to group undertakings	-	-	(909)	(54)	(4,713)
At 30 June 1998	<u>46,001,158</u>	<u>388,819</u>	<u>14,370,150</u>	<u>35,410,076</u>	<u>96,219,765</u>
<b>Depreciation</b>					
At 1 July 1997	16,342,244	14,423	6,857,004	19,155,212	42,405,662
Charge for the year	384,620	2,674	359,552	2,139,797	2,888,641
Disposals	(26,975)	-	(27,829)	(762,868)	(819,218)
Transfers in from group undertakings	1,533,828	-	435,360	430,744	2,404,439
Transfers out to group undertakings	-	-	(909)	(54)	(4,713)
At 30 June 1998	<u>18,233,717</u>	<u>17,097</u>	<u>7,623,178</u>	<u>20,962,831</u>	<u>46,874,811</u>
<b>Net book value</b>					
At 30 June 1998	<u>27,767,441</u>	<u>371,722</u>	<u>6,746,972</u>	<u>14,447,245</u>	<u>49,344,954</u>
At 1 July 1997	<u>9,215,334</u>	<u>351,993</u>	<u>1,529,620</u>	<u>11,738,697</u>	<u>22,835,644</u>

Included in freehold land and buildings is an amount of £708,543 (1997 - £708,543) of freehold land which is not depreciated, and £9,490,000 (1997 - £6,168,000) 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 1998  
(continued)

## 7. TANGIBLE FIXED ASSETS (continued)

The cost or valuation figure at 30 June 1998 for land and buildings is represented by:

	Freehold land and buildings £	<u>Leasehold property</u>		Total £
		Long leases £	Short leases £	
Valuation in 1990	15,718,029	-	5,187,326	20,905,355
Valuation in 1988	500,000	-	-	500,000
Valuation in 1983	973,000	-	1,815,000	2,788,000
At cost	<u>28,810,129</u>	<u>388,819</u>	<u>7,367,824</u>	<u>36,566,772</u>
	<u>46,001,158</u>	<u>388,819</u>	<u>14,370,150</u>	<u>60,760,127</u>

The net book value of freehold land and buildings comprises:

	<u>1998</u> £	<u>1997</u> £
Freehold land	26,175,368	9,079,252
Freehold buildings	<u>1,592,073</u>	<u>136,082</u>
	<u>27,767,441</u>	<u>9,215,334</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. Mineral bearing freehold land and buildings and short leaseholds transferred from other group undertakings were revalued by the directors in October 1990 on the basis of valuation advice received from professional firms of chartered surveyors. If the properties had not been revalued they would have been included at the following amounts:

	Freehold land and buildings £	<u>Leasehold property</u>		Total £
		Long leases £	Short leases £	
Cost	33,444,632	388,819	9,929,920	43,763,371
Depreciation based on cost	<u>(17,176,761)</u>	<u>(17,097)</u>	<u>(6,464,222)</u>	<u>(23,658,080)</u>
	<u>16,267,871</u>	<u>371,722</u>	<u>3,465,698</u>	<u>20,105,291</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1998  
(continued)

**8. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Other investments £	Shares in joint venture £	Loans to joint venture £	Total £
<b>Cost less amounts written off</b>					
At 1 July 1997	18,640,726	2,233	2,000,000	4,400,000	25,042,959
Repayment	-	-	-	(850,000)	(850,000)
At 30 June 1998	<u>18,640,726</u>	<u>2,233</u>	<u>2,000,000</u>	<u>3,550,000</u>	<u>24,192,959</u>
<b>Provisions for diminution in value</b>					
At 1 July 1997	(1,424,322)	-	-	-	(1,424,322)
Provision in the year	<u>(8,321,084)</u>	-	-	-	<u>(8,321,084)</u>
At 30 June 1998	<u>(9,745,406)</u>	-	-	-	<u>(9,745,406)</u>
<b>Net book value</b>					
At 30 June 1998	<u>8,895,320</u>	<u>2,233</u>	<u>2,000,000</u>	<u>3,550,000</u>	<u>14,447,553</u>
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>

The company's principal subsidiary undertaking which is wholly owned and incorporated in England and Wales, is TMC Pioneer Aggregates Limited. On 1 July 1997, the business and assets of this subsidiary were acquired by the company. The carrying value of the investment in this subsidiary was written down to the carrying value of the net assets in this company.

The share in a joint venture at 30 June 1998 represents a 50% interest in the issued share capital of United Marine Holdings Limited, a company registered in England and Wales. The 50% represents all issued A class ordinary shares of £1 each. The principle activities of the joint venture is the dredging, processing and sale of aggregates from the seabed for use in the building industry.

The profit after taxation for the year ended 30 June 1998 of United Marine Holdings Limited amounted to £4,359,000 (1997 - £1,992,843) and the net surplus on share capital and reserves at 30 June 1998 was £9,201,000 (1997- £5,074,819).

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

**9. STOCKS**

	<u>1998</u> £	<u>1997</u> £
Raw materials and consumables	17,058	73,034
Finished goods and goods for resale	<u>714,944</u>	<u>1,084,661</u>
	<u>732,002</u>	<u>1,157,695</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 1998  
(continued)

## 10. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Trade debtors	7,971,550	3,810,349
Other debtors	746,865	2,075,059
Prepayments and accrued income	484,290	1,517,495
Deferred taxation (note 13)	-	<u>344,197</u>
	<u>9,202,705</u>	<u>7,747,100</u>

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

	<u>1998</u>	<u>1997</u>
	£	£
Trade creditors	2,914,345	2,018,230
Amounts owed to parent company and other group undertakings	15,793,185	8,413,084
Corporation tax	2,803,285	3,939,068
Other creditors	202,679	518,277
Other taxes and social security	-	127,268
Accruals and deferred income	<u>5,282,848</u>	<u>5,111,240</u>
	<u>26,996,342</u>	<u>20,127,167</u>

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

	<u>1998</u>	<u>1997</u>
	£	£
Amount owed to parent company	<u>31,704,252</u>	<u>31,704,252</u>

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1998</u>	<u>1997</u>
	£	£
Deferred taxation		
Beginning of year	(344,197)	961,728
Transfer from group undertaking	538,007	-
Transfer from/(to) profit and loss account	114,766	(410,126)
Transfer to corporation tax provision	-	<u>(895,799)</u>
End of year	<u>308,576</u>	<u>(344,197)</u>

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1998  
(continued)

**13. 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>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	£	£	£	£
Accelerated capital allowances	1,480,417	709,939	1,480,417	709,939
Other timing differences	(1,171,841)	(1,054,136)	(1,171,841)	(1,054,136)
Deferred tax on revaluation surpluses	-	-	4,909,003	865,878
Realised capital gains rolled over	-	-	492,585	460,763
	<u>308,576</u>	<u>(344,197)</u>	<u>5,710,164</u>	<u>982,444</u>

The deferred taxation asset in 1997 was included in debtors (see note 10)

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.

**14. CALLED-UP SHARE CAPITAL**

Authorised:

2,000 ordinary shares of £1 each

1997 and 1998

£2,000

Issued, allotted and fully paid:

2 ordinary shares of £1 each

£2

**15. RESERVES**

	<u>Revaluation</u>	<u>Profit and loss</u>
	£	£
At 1 July 1997	973,039	3,761,924
Transfer from group undertaking	13,970,565	-
Loss for the year	-	(3,951,159)
Amortisation of revaluation surplus	<u>(162,760)</u>	<u>162,760</u>
At 30 June 1998	<u>14,780,844</u>	<u>(26,475)</u>

**16. 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 1998 these accounts were overdrawn to the extent of £1,221,573 (1997 - £Nil).

**(b) Guarantees of Performance**

The company has indemnified its bankers who are surety for £2,098,726 (1997 - £995,196) in respect of performance guarantees to customers.

**PIONEER AGGREGATES (UK) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 30 June 1998  
(continued)

16. 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.

17. FINANCIAL COMMITMENTS

(a) Operating lease commitments

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

Operating leases which expire:

	<u>1998</u>		<u>1997</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£	£	£	£
Within 1 year	2,000	19,970	8,067	20,288
Within 2-5 years	96,691	89,866	21,771	103,580
After 5 years	<u>361,765</u>	<u>-</u>	<u>366,018</u>	<u>-</u>
	<u>460,456</u>	<u>109,836</u>	<u>395,856</u>	<u>123,868</u>

(b) Capital expenditure commitments

	<u>1998</u>	<u>1997</u>
	£	£
Capital commitments:		
Contracted for but not provided for	2,333,378	2,392,000
Authorised but not contracted for	<u>2,327,966</u>	<u>3,380,000</u>
	<u>4,661,344</u>	<u>5,772,000</u>



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

for the year ended 30 June 1998

(continued)

**18. 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 £75,858 (1997- £23,484).

**19. 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.

**20. 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.