

REGISTRAR

Registered number
664770

PREMIER LIME AND STONE COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1997



Scrutton Bland
Chartered Accountants
Colchester

REGISTRATION

PREMIER LIME AND STONE COMPANY LIMITED

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The following pages do not form part of the statutory financial statements :

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PREMIER LIME AND STONE COMPANY LIMITED

DIRECTORS, OFFICERS AND ADVISERS

Directors	D L Colthorpe J W Moseley R R Stimpson
Secretary	K D Gooday
Registered Office	18 Sir Isaac's Walk Colchester CO1 1JL
Registered Number	664770
Auditors	Scrutton Bland 18 Sir Isaac's Walk Colchester CO1 1JL
Bankers	Barclays Bank plc 1 Bank Street Braintree Essex CM7 7UQ
Solicitors	Greenwoods 30 Priestgate Peterborough PE1 1JE

PREMIER LIME AND STONE COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and the consolidated financial statements of the group for the year ended 31 December 1997.

Principal activity, review of business and future developments

The principal activity of the group in the year under review was that of civil engineering and earthmoving contractors.

The group continues to look for opportunities to develop a broad based civil engineering business and specialist operations in the construction industry. As part of this diversification the group took a 33.3% holding in Geofirma Soils Engineering Limited, a soil stabilisation company in January 1997.

The outlook for 1998 is reasonable given the current level of work in hand and prospects for future work.

The company operates as quarrying for lime, stone and aggregates and related trades.

Results and dividends

The group profit for the year, after taxation, amounted to £1,163,000 (1996 : £2,398,000).

The directors recommend the payment of a final dividend of £132,000 (1996 : £165,000).

Fixed assets

In the opinion of the directors, the market value of the parent company's freehold land and buildings is in excess of their book value, but they do not feel that the expense of valuing them professionally is justifiable in view of the intention to continue to use them for the business. Based on a valuation in 1990, the subsidiary's market value of land and buildings held as fixed assets exceeds book value by £538,000.

Directors

The directors, who served the company throughout the year unless otherwise stated, and their beneficial interests in the company's issued ordinary share capital, were as follows:

	1996	
D L Colthorpe (Chairman)	-	-
J W Moseley	10,000	10,000
R R Stimpson	-	-

R R Stimpson owns 68,592 ordinary shares in C A Blackwell (Contracts) Limited, the company's subsidiary company.

PREMIER LIME AND STONE COMPANY LIMITED

DIRECTORS' REPORT

Directors responsibilities for the financial statements

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

- * select suitable accounting policies and then apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' interest in contracts

None of the directors had a material interest in any contract of significance to which this company or a subsidiary was a party during the financial year.

Employment policies

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the company.

Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Where possible, arrangements are made for the continued employment of persons who have become disabled during service.

PREMIER LIME AND STONE COMPANY LIMITED

DIRECTORS' REPORT

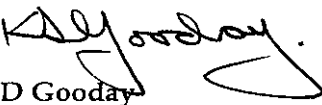
Political and charitable contributions

No contributions were made by the group during the year for political purposes. Charitable donations of £2,000 were made.

Auditors

A resolution to re-appoint Scrutton Bland as auditors to the company will be put to the members at the Annual General Meeting.

Signed by order of the board


K D Gooday

Secretary

Approved by the board on 23 July 1998

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
PREMIER LIME AND STONE COMPANY LIMITED**

We have audited the financial statements on pages 6 to 27, 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 12 and 13.

Respective responsibilities of directors and auditors

As described on page 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.

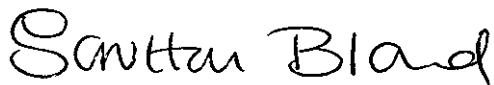
Basis of opinion

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

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

Opinion

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



SCRUTTON BLAND
Chartered Accountants
and Registered Auditors

Colchester

24 July 1998

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1997**

	Notes	£'000	1996 £'000
Turnover	2	15,759	26,821
Changes in stocks of finished goods and work in progress		42	(16)
		<u>15,801</u>	<u>26,805</u>
Raw materials and consumables		3,122	3,947
Other external charges		3,631	9,260
		<u>6,753</u>	<u>13,207</u>
		<u>9,048</u>	<u>13,598</u>
Depreciation (net)	3	1,102	1,725
Staff costs	4	5,688	7,357
Other operating charges		910	918
		<u>7,700</u>	<u>10,000</u>
Operating profit	3	1,348	3,598
Income from interests in associated undertakings		137	-
		<u>1,485</u>	<u>3,598</u>
Other interest receivable and similar income	6	301	305
		<u>1,786</u>	<u>3,903</u>
Interest payable and similar charges	7	138	172
Profit on ordinary activities before taxation	2	1,648	3,731
Tax on profit on ordinary activities	8	485	1,333
Profit on ordinary activities after taxation		<u>1,163</u>	<u>2,398</u>
Minority interest		283	574
		<u>880</u>	<u>1,824</u>
Dividends	9	132	165
Retained profit for the financial year carried forward		<u>748</u>	<u>1,659</u>

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1997**

	£'000	1996 £'000
Retained profit for the financial year brought forward	748	1,659
Undistributed profits - brought forward	5,700	4,041
Undistributed profits - carried forward	<u>£ 6,448</u>	<u>£ 5,700</u>

CONTINUING OPERATIONS

None of the group companies' activities were acquired or discontinued during the above two financial years with the exception of the activities of the associated company.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit for the above two financial years.

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
YEAR ENDED 31 DECEMBER 1997**

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Reported profit on ordinary activities before taxation	1,648	3,731	236	469
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1	1	-	-
Historical cost profit on ordinary activities before taxation	<u>£ 1,649</u>	<u>£ 3,732</u>	<u>£ 236</u>	<u>£ 469</u>
Retained profit on an unmodified historical cost basis	<u>£ 748</u>	<u>£ 1,659</u>	<u>£ 93</u>	<u>£ 294</u>

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 1997**

	Notes	£'000	1996 £'000
Fixed assets			
Tangible assets	10	7,445	7,917
Investments	11	84	-
		<u>7,529</u>	<u>7,917</u>
Current assets			
Stock	12	702	609
Investment	13	532	523
Debtors	14	4,824	1,500
Cash at bank and in hand		2,680	6,473
		<u>8,738</u>	<u>9,105</u>
Creditors: amounts falling due within one year	15	<u>5,728</u>	<u>6,990</u>
Net current assets		<u>3,010</u>	<u>2,115</u>
Total assets less current liabilities		<u>10,539</u>	<u>10,032</u>
Creditors: amounts falling due after more than one year	16	<u>708</u>	<u>1,148</u>
		<u>9,831</u>	<u>8,884</u>
Provisions for liabilities and charges	17	<u>763</u>	<u>711</u>
		<u>9,068</u>	<u>£ 8,173</u>
Capital and reserves			
Called up share capital	18	110	110
Capital reserve	19	304	304
Profit and loss account		6,448	5,700
Share premium		89	89
		<u>6,951</u>	<u>6,203</u>
Shareholders' funds - equity interest	20	<u>2,117</u>	<u>1,970</u>
Minority interest		<u>£ 9,068</u>	<u>£ 8,173</u>

The financial statements were approved by the directors on 23 July 1998

D L Colthorpe

J W Moseley

Directors

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 1997**

	Notes	£'000	1996 £'000
Fixed assets			
Tangible assets	10	589	617
Investments	11	1,548	1,548
		<u>2,137</u>	<u>2,165</u>
Current assets			
Stock	12	14	11
Debtors	14	401	1,065
Cash at bank and in hand		11	22
		<u>426</u>	<u>1,098</u>
Creditors: amounts falling due within one year	15	233	1,002
Net current assets		<u>193</u>	<u>96</u>
Total assets less current liabilities		<u>2,330</u>	<u>2,261</u>
Creditors: amounts falling due after more than one year	16	80	107
		<u>2,250</u>	<u>2,154</u>
Provisions for liabilities and charges	17	87	84
		<u>£ 2,163</u>	<u>£ 2,070</u>
Capital and reserves			
Called up share capital	18	110	110
Capital reserve	19	173	173
Profit and loss account		1,791	1,698
Share premium		89	89
Shareholders' funds - equity interest	20	<u>£ 2,163</u>	<u>£ 2,070</u>

The financial statements were approved by the directors on 23 July 1998

D L Colthorpe

J W Moseley

Directors



**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 1997**

	Notes	£'000	£'000	1996 £'000	£'000
Net cash (outflow)/inflow from operating activities	25		(691)		5,954
Returns on investments and servicing of finance					
Interest received		301		305	
Interest paid		-		(1)	
Interest element of hire purchase contracts and finance leases		(138)		(171)	
			163		133
Taxation					
Corporation tax paid			(1,244)		(355)
Capital expenditure and financial investments					
Quarry reinstatement		-		(2)	
Loan to associated company		(68)		-	
Sale of fixed asset investment		-		3	
Purchase of current asset investment		(9)		(99)	
Purchase of tangible fixed assets		(434)		(688)	
Sale of tangible fixed assets		281		187	
			(230)		(599)
Acquisitions and disposals					
Purchase of interest in an associated company			(7)		-
Equity dividends paid			(302)		(71)
Net cash (outflow)/inflow before financing			(2,311)		5,062
Financing					
Capital element of hire purchase contracts and finance lease payments	26		(1,341)		(1,591)
(Decrease)/increase in cash	26		£ (3,652)		£ 3,471

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997**

1 ACCOUNTING POLICIES

Basis of consolidation and accounting

The consolidated financial statements incorporate the financial statements of Premier Lime and Stone Company Limited, its subsidiary undertakings and the group's share of profits and reserves of its associated companies for the year ended 31 December 1997.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Goodwill arising on consolidation

In previous years goodwill arising on consolidation was written off to reserves in the year of acquisition.

Turnover

Turnover is calculated on the basis of construction work performed during the year on long term contracts together with the invoiced value of the sales and services of other trading activities, net of Value Added Tax.

Tangible fixed assets

No depreciation is provided on freehold land. Depreciation of other fixed assets is provided as follows :

Freehold buildings

On a straight line basis over their estimated remaining economic lives with a maximum of 50 years.

Leasehold land and buildings

On a straight line basis over the remaining leasehold tenure with a maximum of 50 years.

Plant and machinery

On reducing balance or straight line methods at rates varying from 10% to 50% so as to write off the assets over their anticipated useful lives with regard to hours of utilisation.

Investments

Investments in subsidiary undertakings and associated companies are included at the lower of cost and net realisable value in the individual company's financial statements.

Investments in associated companies are included as the company's share of capital and reserves in the consolidated financial statements.

PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

1 ACCOUNTING POLICIES - (continued)

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value in the course of normal trading. Long term contract work in progress is valued at cost plus profit estimated to have been earned at the balance sheet date, less foreseeable losses up to completion of the contracts and applicable payments on account. Cost includes appropriate overheads.

Taxation

The charge for taxation is based on the profit for the year. The charge also takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation to the extent that, in the opinion of the directors, there is reasonable probability that the liability will arise in the foreseeable future. The rate of tax used is that which is expected to be applied when the liability is expected to crystallise. No provision is made for advance corporation tax on proposed dividends.

Leases and hire purchase

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet with an equivalent liability included under creditors. An asset held under a finance lease is depreciated over the shorter of the lease term and its useful life, whilst an asset acquired under a hire purchase contract is depreciated over its useful life. The interest element of the amount payable is charged to the profit and loss account and the capital element reduces the liability in the balance sheet.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Pension costs

Contributions in respect of the group's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

2 TURNOVER

	Group turnover		Group profit before taxation	
	1996	1996	1996	1996
	£'000	£'000	£'000	£'000
United Kingdom	£ 15,759	£ 26,821	£ 1,648	£ 3,731

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997**

3 GROUP OPERATING PROFIT

The operating profit is stated after charging/(crediting) :

	1996 £'000	1996 £'000
Profit on disposal of tangible fixed assets	(190)	(128)
Depreciation of tangible fixed assets	1,292	1,853
Auditors' remuneration : in respect of audit services	16	14
: other services	18	11
Directors' emoluments (see below)	83	61
Directors' remuneration		
Aggregate emoluments	58	59
Contributions to money purchase pension schemes	25	2
	<u>£ 83</u>	<u>£ 61</u>

Contributions to a money purchase pension scheme are made on behalf of one director.

The highest paid director received aggregate emoluments of £56,286 (1996 : £57,259) and contributions of £25,000 (1996 : £2,117) were made to a money purchase pension scheme on his behalf.

4 GROUP STAFF COSTS

	1996 £'000	1996 £'000
Wages and salaries	4,992	6,215
Social security costs	445	554
Other pension costs	251	588
	<u>£ 5,688</u>	<u>£ 7,357</u>

The average monthly number of employees during the year was made up as follows :

Office and management	85	75
Sales staff	129	185
	<u>214</u>	<u>260</u>

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997**

5 PROFIT FOR THE FINANCIAL YEAR

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit of £225,000 (1996 : £459,000) which is dealt with in the financial statements of the parent company.

6 GROUP INTEREST RECEIVABLE

	£'000	1996 £'000
Bank interest receivable	301	301
Other interest receivable	-	4
	<u>£ 301</u>	<u>£ 305</u>

7 GROUP INTEREST PAYABLE

	£'000	1996 £'000
Hire purchase repayable within five years	<u>£ 138</u>	<u>£ 172</u>

8 GROUP TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	£'000	1996 £'000
Based on the profit for the year		
Corporation tax at 31.5% and 21.75% (1996 : 33% and 24.25%)	395	1,179
Deferred taxation	52	54
Adjustment to prior years	9	100
	<u>456</u>	<u>1,333</u>
Associated undertaking	29	-
	<u>£ 485</u>	<u>£ 1,333</u>

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997**

9 DIVIDENDS

	£'000	1996 £'000
Final dividend proposed 12p (1996 : 15p)	<u>£ 132</u>	<u>£ 165</u>

10 TANGIBLE FIXED ASSETS

The Group	Leasehold land and building £'000	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 1 January 1997	-	819	22,872	23,691
Additions at cost	59	-	851	910
Disposals	-	-	(802)	(802)
At 31 December 1997	<u>59</u>	<u>819</u>	<u>22,921</u>	<u>23,799</u>
Comprising :				
Cost	59	719	22,921	23,699
Valuation : 1973	-	100	-	100
	<u>59</u>	<u>819</u>	<u>22,921</u>	<u>23,799</u>
Depreciation				
At 1 January 1997	-	134	15,640	15,774
On disposals	-	-	(712)	(712)
Charge for year	-	13	1,279	1,292
At 31 December 1997	<u>-</u>	<u>147</u>	<u>16,207</u>	<u>16,354</u>
Net book values				
At 31 December 1997	<u>£ 59</u>	<u>£ 672</u>	<u>£ 6,714</u>	<u>£ 7,445</u>
At 31 December 1996	<u>£ -</u>	<u>£ 685</u>	<u>£ 7,232</u>	<u>£ 7,917</u>

PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

10 TANGIBLE FIXED ASSETS - (continued)

The charge for depreciation of plant and machinery includes £520,000 (1996 : £748,000) in respect of assets held under finance leases and assets acquired under hire purchase contracts. At 31 December 1997 the net book value of assets held under finance leases and acquired under hire purchase contracts was £2,905,000 (1996 : £3,514,000).

Leasehold land and buildings have not been depreciated for the year as they were not acquired until December 1997.

If land and buildings had not been revalued they would have been included in the following amounts under the historical cost accounting rules :

	£'000	1996 £'000
Cost	<u>£ 732</u>	<u>£ 732</u>
Accumulated depreciation	<u>£ 125</u>	<u>£ 113</u>
Net book value	<u>£ 607</u>	<u>£ 619</u>

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997**

10 TANGIBLE FIXED ASSETS - (continued)

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
The Company			
Cost or valuation			
At 1 January 1997	304	751	1,055
Additions at cost	-	52	52
Disposals	-	(62)	(62)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	304	741	1,045
	<hr/>	<hr/>	<hr/>
Comprising :			
Cost	259	741	1,000
Valuation : 1973	45	-	45
	<hr/>	<hr/>	<hr/>
	304	741	1,045
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1997	16	422	438
On disposals	-	(50)	(50)
Charge for year	2	66	68
	<hr/>	<hr/>	<hr/>
At 31 December 1997	18	438	456
	<hr/>	<hr/>	<hr/>
Net book values			
At 31 December 1997	<u>£ 286</u>	<u>£ 303</u>	<u>£ 589</u>
	<hr/>	<hr/>	<hr/>
At 31 December 1996	<u>£ 288</u>	<u>£ 329</u>	<u>£ 617</u>
	<hr/>	<hr/>	<hr/>

PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

10 TANGIBLE FIXED ASSETS - (continued)

The charge for depreciation of plant and machinery includes £26,000 (1996 : £27,000) in respect of assets held under finance leases and assets acquired under hire purchase contracts. At 31 December 1997 the net book value of assets held under finance leases and acquired under hire purchase contracts was £188,000 (1996 : £224,000).

If land and buildings had not been revalued they would have been included in the following amounts under the historical cost accounting rules :

	£'000	1996 £'000
Cost	<u>£ 272</u>	<u>£ 272</u>
Accumulated depreciation	<u>£ 18</u>	<u>£ 16</u>
Net book value	<u>£ 254</u>	<u>£ 256</u>

PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

11 FIXED ASSET INVESTMENTS

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Listed (a)	-	-	-	-
Subsidiary undertakings (b)	-	-	1,548	1,548
Associated undertakings (c)	84	-	-	-
Cost at 31 December 1997	£ 84	£ -	£ 1,548	£ 1,548

(a) Listed on recognised Stock Exchange

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Cost at 1 January and 31 December 1997	89	99	89	99
Disposals	-	(10)	-	(10)
Provision for losses in prior years	(89)	(96)	(89)	(96)
Provision for losses of disposal no longer required	-	7	-	7
Book and market value at 31 December 1997	£ -	£ -	£ -	£ -

(b) Shares in subsidiary undertakings

	The company	
	£'000	1996 £'000
Cost at 1 January 1997 and 31 December 1997	£ 1,548	£ 1,548

Investments in subsidiary undertakings comprise the following :

Name of subsidiary	Proportion held	Nature of business
C A Blackwell (Contracts) Limited	2,713,392 Ordinary 25p shares representing 75.7% of share capital	Engineering and earth moving contractors

**PREMIER LIME AND STONE COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997**

11 FIXED ASSET INVESTMENTS - (continued)

(c) Associated undertakings

	Loan £'000	Share capital £'000	Retained profit £'000	Total (group) £'000
Cost as at 1 January 1997	-	-	-	-
Additions	68	7	9	84
Cost as at 31 December 1997	<u>£ 68</u>	<u>£ 7</u>	<u>£ 9</u>	<u>£ 84</u>

The investment in associated undertakings is as follows :

Name of associate	Proportion held	Nature of business
Geofirma Soils Engineering Limited	33.3% by C A Blackwell (Contracts) Limited	Soil stabilisation

12 STOCKS

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Long term contract balances :				
Net cost less foreseeable losses	11,503	13,279	-	-
Less : Payments on account	11,275	13,093	-	-
Contract work in progress	228	186	-	-
Raw materials and consumables	474	423	14	11
	<u>£ 702</u>	<u>£ 609</u>	<u>£ 14</u>	<u>£ 11</u>

There is no material difference between the book value of stocks and replacement cost.

PREMIER LIME AND STONE COMPANY LIMITED
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13 CURRENT ASSET INVESTMENTS

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Land				
Development land :				
At 1 January 1997	523	424	-	-
Addition	9	99	-	-
Cost at 31 December 1997	<u>£ 532</u>	<u>£ 523</u>	<u>£ -</u>	<u>£ -</u>

14 DEBTORS

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Amounts falling due within one year :				
Contract debtors	3,034	811	-	-
Trade debtors	1,300	609	130	132
Prepayments and accrued income	78	60	5	6
Dividend receivable from associated/ subsidiary undertaking	98	-	217	424
Amounts owed by associated undertaking	265	-	-	-
Amounts owed by subsidiary undertaking	-	-	-	496
Other debtors	49	20	49	7
	<u>£ 4,824</u>	<u>£ 1,500</u>	<u>£ 401</u>	<u>£ 1,065</u>

PREMIER LIME AND STONE COMPANY LIMITED
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15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Cash book overdrawn balance	157	298	-	-
Trade creditors	1,196	1,276	15	15
Hire purchase and finance leases	852	1,276	48	52
Corporation tax	303	1,102	-	-
Amounts owed to associated undertaking	336	-	-	-
Amounts owed to subsidiary undertaking	-	-	12	700
Other taxation and social security payable	288	319	18	20
Other creditors	5	29	-	-
Accruals and deferred income	430	491	8	50
Proposed dividend	132	165	132	165
Payments received on account	2,029	2,034	-	-
	<u>£ 5,728</u>	<u>£ 6,990</u>	<u>£ 233</u>	<u>£ 1,002</u>

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Due between first and second years	513	682	35	31
Due between second and fifth years	195	466	45	76
Hire purchase and finance leases	<u>£ 708</u>	<u>£ 1,148</u>	<u>£ 80</u>	<u>£ 107</u>

**PREMIER LIME AND STONE COMPANY LIMITED
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17 PROVISIONS FOR LIABILITIES AND CHARGES

Provision for re-instatement and doublehandling

The planning permission granted to the company requires that the quarry be reinstated to its previous condition once the reserves of stone are exhausted. The directors also consider that a provision for doublehandling ie the costs of moving overburden and spoil which increase with the years as the quarry's reserves are depleted, should be made. During the year, the provision was not increased :

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
At 1 January and 31 December 1997	49	51	49	51
Provision released	-	(2)	-	(2)
	<u>49</u>	<u>49</u>	<u>49</u>	<u>49</u>
Deferred taxation account				
At 1 January 1997	662	608	35	28
Profit and loss account				
- charge for year	52	54	3	7
	<u>52</u>	<u>54</u>	<u>3</u>	<u>7</u>
At 31 December 1997	<u>£ 714</u>	<u>£ 662</u>	<u>£ 38</u>	<u>£ 35</u>
Total provisions for liabilities and charges included in the financial statements	<u>£ 763</u>	<u>£ 711</u>	<u>£ 87</u>	<u>£ 84</u>
Potential amounts of deferred tax are as follows :				
Provided above :				
Plant and other timing differences	696	644	20	17
Capital gains rolled over	18	18	18	18
	<u>714</u>	<u>662</u>	<u>38</u>	<u>35</u>
Not provided above :				
Revaluations of properties included with fixed assets	21	21	9	9
Capital gains rolled over	10	10	-	-
	<u>£ 745</u>	<u>£ 693</u>	<u>£ 47</u>	<u>£ 44</u>

**PREMIER LIME AND STONE COMPANY LIMITED
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YEAR ENDED 31 DECEMBER 1997**

18 CALLED UP SHARE CAPITAL

	£'000	1996 £'000
Authorised :		
5,000,000 ordinary shares of 10p each	<u>£ 500</u>	<u>£ 500</u>
Allotted, called up and fully paid :		
1,099,000 ordinary shares of 10p each	<u>£ 110</u>	<u>£ 110</u>

19 CAPITAL RESERVES

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Surplus arising from revaluation of of freehold land and buildings in 1973	31	31	31	31
Arising from the acquisition of a former subsidiary	88	88	88	88
Realised after tax profit on sale of land in November 1983	54	54	54	54
Reserve arising on consolidation	131	131	-	-
	<u>£ 304</u>	<u>£ 304</u>	<u>£ 173</u>	<u>£ 173</u>

20 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	The group		The company	
	£'000	1996 £'000	£'000	1996 £'000
Profit for the financial year after taxation	880	1,824	225	459
Dividends	(132)	(165)	(132)	(165)
	<u>748</u>	<u>1,659</u>	<u>93</u>	<u>294</u>
Shareholders' funds at 1 January 1997	6,203	4,544	2,070	1,776
Shareholders' funds at 31 December 1997	<u>£ 6,951</u>	<u>£ 6,203</u>	<u>£ 2,163</u>	<u>£ 2,070</u>

**PREMIER LIME AND STONE COMPANY LIMITED
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21 CONTINGENT LIABILITY

The group

The group has given insured performance bonds in the normal course of business. In the opinion of the directors no loss will arise in connection with these undertakings.

The company has guaranteed banking and finance facilities for its subsidiary and associated companies.

The company

The company has provided guarantees in respect of contracts undertaken by the subsidiary company, and in respect of finance facilities.

22 COMMITMENTS

Capital commitments

At 31 December 1997 capital expenditure of £Nil (1996 : £266,000) was contracted for but not provided for in the financial statements.

Pension commitments

The group operates defined contribution pension schemes. The assets of the schemes are held separately in independently administered funds. The pension cost charge for the year was £251,000 (1996 : £588,000). Contributions prepaid at 31 December 1997 of £Nil (1996 : £2,000) are included in prepayments and outstanding contributions of £Nil (1996 : £10,000) are included in accruals.

23 TRANSACTIONS WITH DIRECTORS

Mr J W Moseley purchased a motor vehicle from the company for £6,635.

24 RELATED PARTIES

The ultimate controlling party of Premier Lime & Stone Company Limited are the Executors of C A R Blackwell deceased who hold 91.08% of the issued share capital.

During the year the company entered into transactions with its subsidiary company, C A Blackwell (Contracts) Limited. The total value of these transactions were as follows :

	£'000
Purchases	13
Creditor	12

All other related party transactions between the company and other group companies have been eliminated in these consolidated financial statements.

PREMIER LIME AND STONE COMPANY LIMITED
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25 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1996 £'000	1996 £'000
Operating profit	1,348	3,598
Depreciation on tangible fixed assets	1,292	1,853
(Profit) on disposal of fixed assets	(190)	(129)
(Increase) in stocks and work in progress	(93)	(130)
(Increase)/decrease in trade debtors	(691)	229
(Increase) in contract debtors	(2,223)	(142)
(Increase)/decrease in other debtors	(281)	43
(Decrease)/increase in trade creditors	(80)	392
(Decrease) in other taxation and social security	(18)	(67)
Increase in other creditors	245	307
Net cash (outflow)/inflow from operating activities	£ (691)	£ 5,954

26 ANALYSIS OF NET FUNDS

	At 31 December 1997 £'000	Cash flow £'000	At 31 December 1996 £'000	Cash flow £'000	At 31 December 1995 £'000
Overdrawn cash book balances	(157)	141	(298)	(298)	-
Cash at bank and in hand	2,680	(3,793)	6,473	3,769	2,704
	£ 2,523	£ (3,652)	£ 6,175	£ 3,471	£ 2,704

Analysis of changes in financing during the year

	1996 £'000	1996 £'000
At 1 January 1997	2,424	1,926
New agreements	477	2,089
Cash flow payments	(1,341)	(1,591)
At 31 December 1997	£ 1,560	£ 2,424

Major non-cash transactions

During the year the group entered into hire purchase agreements in respect of fixed assets with a total capital value at the inception of the lease of £477,000 (1996 : £2,089,000).