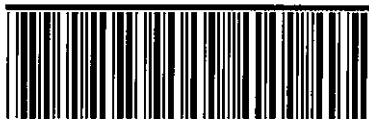


THE BATH STONE COMPANY LIMITED

FINANCIAL ACCOUNTS
FOR THE YEAR ENDED

31ST DECEMBER 1995



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COMPANIES HOUSE 31/10/96

THE BATH STONE COMPANY LIMITED

Chairman: B J Marson

Directors: N Horton
D Scoble
E Dickerson

Secretary: F Ferne

Registered Office: Clarks Mill
Stallard Street
Trowbridge
Wiltshire
BA14 8HH

Auditors: Ledbury Martin
Clarks Mill
Stallard Street
Trowbridge
Wiltshire
BA14 8HH

Bankers: Lloyds Bank plc
23 Milsom Street
Bath
BA1 1DS

Registered Number: 01577556

THE BATH STONE COMPANY LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1995

The directors have pleasure in presenting the company's accounts for the year ended 31st December 1995 and reporting on the company's affairs generally in respect of the same period.

REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of the mining of limestone. All activities involving the hire of aircraft have now completely ceased.

RESULTS AND DIVIDENDS

The profit for the year after tax amounted to £24,401 (1994 loss £35,894). The directors recommend that this be retained and that no dividend be paid on the ordinary shares.

FIXED ASSETS

The movement of fixed assets during the year are set out in note 8 to the accounts.

DIRECTORS

Details are given below of the directors of the company for the period under review together with a note of their interest in the securities of the company at the beginning and end of the period.

	Ordinary Shares of £1	
	31.12.95	31.12.94
B J Marson	-	11,420
N Horton	-	-
D Scoble	-	-
E Dickerson	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE BATH STONE COMPANY LIMITED

DIRECTORS REPORT continued
FOR THE YEAR ENDED 31ST DECEMBER 1995

TAX STATUS

The directors are advised that the company is a "close company" as defined in the Income and Corporation Taxes Act 1988.

AUDITORS

In accordance with Section 384 Companies Act 1985 a resolution will be submitted to the Annual General Meeting to reappoint Ledbury Martin as auditors of the company.

BY ORDER OF THE BOARD



.....

F Ferne
Secretary

23rd May 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BATH STONE COMPANY LIMITED

We have audited the financial statements on pages 4 to 15 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 page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ledbury Martin
Chartered Accountants and Registered Auditor
Clarks Mill
Stallard Street
Trowbridge
Wiltshire
BA14 8HH

23rd May 1996

Ledbury Martin

THE BATH STONE COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	£	1995	£	£	1994	£
TURNOVER	2						
Continuing operations			1,109,009			1,277,826	
Discontinued operations			—			99	
				1,109,009			1,277,925
Cost of sales	3			(511,464)			(694,259)
GROSS PROFIT				597,545			583,666
Net operating expenses	3			501,738			(523,244)
OPERATING PROFIT/(LOSS)	4						
Continuing operations			85,062			65,851	
Discontinued operations			10,745			(5,429)	
				95,807			60,422
Interest payable	6			(57,076)			(82,140)
Profit/(loss) on ordinary activities before taxation	2			38,731			(21,718)
Tax on profit/(loss) on ordinary activities	7			14,330			14,176
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR				24,401			(35,894)

Movement in reserves are shown in note 18 to the accounts.

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

The notes on pages 6 to 15 form part of these accounts.

THE BATH STONE COMPANY LIMITEDBALANCE SHEETAS AT 31ST DECEMBER 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	8	1,993,708	1,056,793
CURRENT ASSETS			
Stocks	9	28,688	15,519
Debtors	10	367,372	294,270
Cash at bank and in hand		17	-
		<hr/> 396,077	<hr/> 309,789
CREDITORS: amounts falling due within one year	11	484,957	344,704
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(88,880)	(34,915)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,904,828	1,021,878
CREDITORS: amounts falling due after one year	12	406,668	363,119
PROVISION FOR LABILITIES AND CHARGES	15	6,000	6,000
		<hr/> 1,492,160	<hr/> 652,759
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	13,620	13,620
Capital and reserve	18	1,265,000	450,000
Profit and loss account	18	213,540	189,139
		<hr/> 1,492,160	<hr/> 652,759
		<hr/>	<hr/>

These accounts were approved by the Board on 23rd May 1996

B J Marson Director

N Horton Director

The notes on pages 6 to 15 form part of these accounts.

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995**1 STATEMENT OF ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

- (i) **Basis of Preparation** – The accounts have been prepared under the historical cost convention as modified by the revaluation of the mining lease.
- (ii) **Depreciation** – Is provided to write off fixed assets over their useful economic life at the following rates on the reducing balance method:

Aircraft	20% – 25%
Mining equipment	25% – 33%
Vehicles	25%
Office equipment	10%
Freehold property and mine improvements	2%
Mining lease	£25,000 per annum
Computer equipment	33 1/3%

Prior to January 1989 no depreciation or amortisation had been provided on freehold property and mine improvements or the mining lease. In 1989 it was considered appropriate to make provision at the rates disclosed in order to fully comply with Statement of Standard Accounting Practice Number 12.

- (iii) **Stocks and Work in Progress** – Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is the portion of direct and production overheads attributable to stock in hand.
- (iv) **Deferred Taxation** – Deferred taxation is provided in respect of that element of the timing difference which the directors consider may distort future corporation tax liabilities in respect of accelerated capital allowances for tax purposes.
- (v) **Turnover** – represents the amounts invoiced by the company for goods and services provided excluding value added tax.
- (vi) **Fixed Assets** – are only capitalised if in excess of £500.
- (vii) **Mining Expenditure** – All expenditure related to opening up the mine and new working areas is written off in the year it occurs.
- (viii) **Cash flow Statement** – Financial Reporting Standard Number 1 has been adopted as an accounting policy. The company has taken advantage of the exemptions available to small companies within this standard and has not prepared a cash flow statement.
- (ix) **Leasing and Hire Purchase Commitments** – Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

- (x) **Pensions** – The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

THE BATH STONE COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

2 TURNOVER AND PRE-TAX PROFIT/(LOSS)

The turnover and pre-tax profit/(loss) is attributable to the following activities.

	Turnover		Pre-tax profit/(loss)	
	1995 £	1994 £	1995 £	1994 £
Stone mining - continuing	1,109,009	1,277,826	27,986	(5,807)
Aircraft hire - discontinued	-	99	10,745	(15,911)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,109,009	1,277,925	38,731	(21,718)
	<hr/>	<hr/>	<hr/>	<hr/>

3 NET OPERATING EXPENSES

	Continu- ing £	1995 Discont- inued £	Total £	Continu- ing £	1994 Discont- inued £	Total £
Cost of sales	511,464	-	511,464	694,259	-	694,259
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net operating expenses:-						
Distribution costs	118,338	-	118,338	111,931	-	111,931
Administrative expenses	394,267	(10,745)	383,522	405,785	5,528	411,313
Other operating income	(122)	-	(122)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	512,483	(10,745)	501,738	517,716	5,528	523,244
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

4 OPERATING PROFIT

This is stated after charging:-

	1995 £	1994 £
Exceptional item - write off of associated company balance	4,868	106,683
Mining lease amortisation	-	25,000
Directors' remuneration (note 5b)	32,067	194,939
Auditors' remuneration	3,500	2,750
Depreciation:		
- owned assets	87,140	70,965
- assets held under finance leases and hire purchase contracts	58,360	64,405
Hire/lease of plant and equipment	1,836	1,555
	<hr/>	<hr/>

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995**5a STAFF COSTS (INCLUDING DIRECTORS REMUNERATION)**

	1995 £	1994 £
Wages and salaries	254,105	430,362
Social Security costs	23,977	40,670
Other pension costs	2,400	12,770
	<hr/>	<hr/>
	280,482	483,802
	<hr/>	<hr/>

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

	1995 No	1994 No
Office management	1	5
Production	15	16
	<hr/>	<hr/>
	16	21
	<hr/>	<hr/>

5b DIRECTORS' REMUNERATION

	1995 £	1994 £
Fees	29,667	164,335
Other emoluments (including pension contributions)	2,400	30,604
	<hr/>	<hr/>
	32,067	194,939
	<hr/>	<hr/>

The emoluments excluding pension contributions of the Chairman (who was also the highest paid director in 1994) were £Nil (1994 £88,751).

The emoluments excluding pension contributions of the highest paid director this year were £29,667. The number of other directors receiving emoluments, excluding pension contributions in bands of £5,000 was as follows:-

	1995 No	1994 No
10,001 - 15,000	-	1
20,001 - 25,000	-	1
35,001 - 40,000	-	1
	<hr/>	<hr/>

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995

6 INTEREST PAYABLE

	1995 £	1994 £
Bank loans and overdrafts	6,269	45,274
Other loans	6,336	11,888
	<hr/>	<hr/>
	12,605	57,162
Bank loans not wholly repayable within 5 years	30,048	15,310
Finance charges payable under hire purchase contracts	14,423	9,668
	<hr/>	<hr/>
	57,076	82,140
	<hr/>	<hr/>

7 TAXATION

	1995 £	1994 £
Taxation based on profit for the year comprises:-		
Corporation tax at 25%	14,330	12,676
Deferred taxation charge	-	1,500
	<hr/>	<hr/>
	14,330	14,176
	<hr/>	<hr/>

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995**8 TANGIBLE ASSETS**

	Mining Lease (note 20) £	Freehold Property and Mine Improv- ements £	Aircraft £	Office Equipment £	Mining Equipment £	Vehicles £	Total £
COST/ VALUATION							
At 1.1.94	600,000	283,236	43,242	26,944	657,659	216,556	1,827,637
Additions	-	5,135	98,000	4,333	109,611	108,108	325,187
Disposals	-	-	(43,242)	-	(33,000)	(55,951)	(132,193)
Revaluation	815,000						815,000
At 31.12.95	1,415,000	288,371	98,000	31,277	734,270	268,713	2,835,631
DEPRECIATION							
At 1.1.95	150,000	30,117	25,960	15,574	485,420	63,773	770,844
Charge	-	5,165	9,600	3,431	76,820	50,484	145,500
Disposal	-	-	(25,960)	-	(28,806)	(19,655)	(74,421)
At 31.12.95	150,000	35,282	9,600	19,005	533,434	94,602	841,923
NET BOOK VALUE							
At 31.12.95	1,265,000	253,089	88,400	12,272	200,836	174,111	1,993,708
At 31.12.94	450,000	253,119	17,282	11,370	172,239	152,783	1,056,793

The net book value of tangible fixed assets above includes the following amounts in respect of assets held under finance leases and hire purchase contracts:-

	1995 £	1994 £
Motor vehicles	98,684	101,278
Mining equipment	62,984	41,918
	<u>161,668</u>	<u>143,196</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

9 STOCK

1995	1994
£	£
Stone	
28,688	15,519
<hr/>	<hr/>

10 DEBTORS

	1995	1994
	£	£
Trade debtors	255,523	238,616
Amounts due from group undertakings	84,746	—
Other debtors	12,284	51,932
Prepayments	14,819	3,722
	<hr/>	<hr/>
	367,372	294,270
	<hr/>	<hr/>

Other debtors include an amount for £284 owed by one of the directors Mr D Scoble to the company (1994 £9,744 owed by Mr B Marson).

11 CREDITORS: Amounts falling due within one year

	1995	1994
	£	£
Bank loans and overdraft	151,366	112,507
Obligations under finance leases and hire purchase contracts	65,411	70,835
Trade creditors	135,085	92,837
Corporation tax	43,259	41,605
Other tax and social security	47,790	22,268
Amounts owed to group undertakings	20,440	—
Other creditors	13,737	—
Accruals	7,869	4,652
	<hr/>	<hr/>
	484,957	344,704
	<hr/>	<hr/>

12 CREDITORS: Amounts falling due after one year

	1995	1994
	£	£
Bank loan	285,155	314,134
Obligations under finance leases and hire purchase contracts	64,365	48,985
Aircraft mortgage	57,148	—
	<hr/>	<hr/>
	406,668	363,119
	<hr/>	<hr/>

The bank loan and overdraft are secured by a mortgage debenture dated 13th June 1994 creating a fixed charge over the freehold property of the company and a floating charge over the remaining assets of the company. The aircraft mortgage is secured by a charge over the relevant asset.

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995

13 LOANS

	1995 £	1994 £
Amounts falling due:		
in one year or less	41,193	24,000
between 1 and 2 years	45,091	26,500
between 2 and 5 years	144,381	90,000
in 5 years or more	152,831	197,634
	<hr/>	<hr/>
	383,496	338,134
	<hr/>	<hr/>
Wholly repayable within five years:		
Aircraft mortgage loan	70,885	—
Not wholly repayable within five years:		
Bank loan	312,611	338,134
	<hr/>	<hr/>
	383,496	338,134
	<hr/>	<hr/>
Amounts repayable by instalments:		
Within 5 years	230,665	140,500
After 5 years	152,831	197,634
	<hr/>	<hr/>
	383,496	338,134
	<hr/>	<hr/>
Included in creditors:		
Amounts falling due within 1 year	41,193	24,000
	<hr/>	<hr/>
	342,303	314,134
	<hr/>	<hr/>

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995**14 OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS**

	1995 £	1994 £
The maturity of these amounts is as follows:-		
Amounts payable:		
Within 1 year	74,639	79,319
Within 2 to 5 years	77,331	54,969
	<hr/> 151,970	<hr/> 134,288
Less: finance charges allocated to future periods	(22,194)	(14,468)
	<hr/> 129,776	<hr/> 119,820
Analysed as follows:		
Current obligations	65,411	70,835
Non current obligations	64,365	48,985
	<hr/> 129,776	<hr/> 119,820

15 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the amounts not provided are as follows:-

	Provided		Not Provided	
	1995 £	1994 £	1995 £	1994 £
Capital allowances in advance of depreciation	6,000	6,000	-	-
	<hr/> 6,000	<hr/> 6,000	<hr/> -	<hr/> -

16 CALLED UP SHARE CAPITAL

	Authorised		Allotted Called up and Fully Paid	
	1995 £	1994 £	1995 £	1994 £
Ordinary shares of £1	20,000	20,000	13,620	13,620

THE BATH STONE COMPANY LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1995**17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	1995 £	1994 £
Profit/(loss) for the financial year	24,401	(35,894)
Net revaluation in year	815,000	-
	<hr/>	<hr/>
Net addition/(reduction) to shareholders funds	839,401	(35,894)
Opening shareholders funds	652,759	688,653
	<hr/>	<hr/>
Closing shareholders funds	1,492,160	652,759
	<hr/>	<hr/>

18 RESERVES

	Capital Reserve (note 19) £	Profit and Loss Accounts £	Total £
At 1st January 1995	450,000	189,139	639,139
Profit for the year	-	24,401	24,401
Revaluation in year	815,000	-	815,000
	<hr/>	<hr/>	<hr/>
	1,265,000	213,540	1,478,540
	<hr/>	<hr/>	<hr/>

19 CAPITAL RESERVE

This reserve arises from the revaluation of the mining lease and is not available for distribution. A transfer of £25,000 has been made to the retained profit and loss account which represents the realised portion of the £25,000 amortisation of the lease charged to the profit and loss account in the year (see note 1(ii)).

20 LEASE

The company has a lease in respect of the mining rights, which has 16 years to run (until March 2012). The initial 2 year planning permission which ceased in March 1984 has been renewed for the length of the lease and mining recommenced in the year from 1st January 1986. The valuation of the right to mine stone and value of the reserves is in accordance with a Report dated 1st March 1994 carried out by Smiths Gore, Chartered Surveyors.

21 CAPITAL COMMITMENTS

There were no material capital commitments in existence at the balance sheet date (1994 £Nil).

THE BATH STONE COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

22 CONTINGENT LIABILITIES

The directors were not aware of the existence of any contingent liabilities at the balance sheet date (1994 - guaranteed the bank overdraft of a subsidiary company amounting to £4,810).

23 ULTIMATE HOLDING COMPANY

The company is a subsidiary company of Bath Stone Group Limited which owns 84% of its share capital. The holding company was incorporated in England and Wales, company number 2861784.