

**Cotswold Aggregates Limited**

**Directors' report and financial  
statements**

**Registered number 3156667**

**31 December 1999**



## Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditor to the members of Cotswold Aggregates Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### Principal activities

The principal activity of the company is the extraction and sale of sand and gravel.

### Proposed dividend

The directors do not recommend the payment of a dividend. The profit for the period retained in the company is £41,607 (1998: £1,567).

### Directors and directors' interests

The directors who held office during the year were as follows:

RW Snape (resigned: 18 October 1999)

AG Pardoe

PL Dixon

JR Ellis

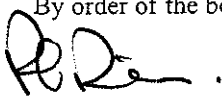
CR Jenkins (appointed: 18 October 1999)

None of the directors hold any interests in the shares of the company.

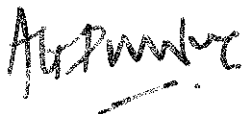
### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



PL Dixon  
Director



AG Pardoe  
Director

Bardon Hill  
Coalville  
Leicester  
LE67 1TL

2 August 2000

## 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

## Report of the auditor to the members of Cotswold Aggregates Limited

We have audited the financial statements on pages 4 to 12.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

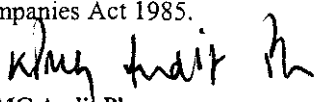
### *Basis of audit opinion*

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 as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

2 August.

2000

**Profit and loss account**  
*for the year ended 31 December 1999*

	<i>Note</i>	<b>1999</b> £	<b>1998</b> £
<b>Turnover from continuing operations</b>	<b>2</b>	<b>1,182,281</b>	<b>1,142,077</b>
Cost of sales		(597,084)	(674,138)
<b>Gross profit from continuing operations</b>		<b>585,197</b>	<b>467,939</b>
Administrative expenses		(513,167)	(474,058)
<b>Operating profit/(loss) from continuing operations</b>		<b>72,030</b>	<b>(6,119)</b>
Interest receivable and similar income	<b>6</b>	<b>2,666</b>	<b>-</b>
Interest payable and similar charges	<b>7</b>	<b>(1,134)</b>	<b>(20)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>3</b>	<b>73,562</b>	<b>(6,139)</b>
Taxation	<b>8</b>	<b>(31,955)</b>	<b>7,706</b>
<b>Retained profit for the financial year</b>	<b>16</b>	<b>41,607</b>	<b>1,567</b>

The company has no recognised gains or losses other than the profit for the year shown above.

There is no material difference between the company's results as reported and on an unmodified historical cost basis. Accordingly no note of historical cost profits and losses has been included.

The notes on pages 6 to 12 form part of these financial statements.

**Balance sheet**  
*at 31 December 1999*

		1999		1998
		£	£	£
<b>Fixed assets</b>				
Tangible assets	9		446,077	641,957
<b>Current assets</b>				
Stocks	10	898		278
Debtors	11	392,167		346,617
		<u>393,065</u>		<u>346,895</u>
<b>Creditors: amounts falling due within one year</b>	12	(188,501)		(304,439)
<b>Net current assets</b>			204,564	42,456
<b>Total assets less current liabilities</b>			650,641	684,413
<b>Creditors: amounts falling due after more than one year</b>	13	(499,000)		(599,000)
<b>Provisions for liabilities and charges</b>	14	(88,121)		(63,500)
<b>Net assets</b>			63,520	21,913
<b>Capital and reserves</b>				
Called up share capital	15	1,000		1,000
Profit and loss account	16	62,520		20,913
<b>Shareholders' funds - equity</b>	17	63,520		21,913

The notes on pages 6 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 2 August 2000 and were signed on its behalf by:



**PL Dixon**  
Director



**AG Pardoe**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Cash flow statement*

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixed plant and machinery	-	5-10 years
Mobile plant and machinery	-	3-5 years
Fixtures and fittings	-	6 years

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease or hire purchase contract. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Stocks*

Stocks are stated at the lower of cost, being net invoice prices charged by suppliers, and net realisable value. No account is taken of extracted stocks of sand and gravel at pits.

#### *Taxation*

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.



## Notes (continued)

### 2 Analysis of turnover and profit on ordinary activities before taxation

The whole of the turnover and profit on ordinary activities before taxation derives from the company's principal activity within the United Kingdom.

### 3 Profit/(loss) on ordinary activities before taxation

	1999 £	1998 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	8,004	5,004
Depreciation of tangible fixed assets	196,880	193,464
Hire of plant and machinery	35,741	29,506
Hire of other assets - operating leases	15,000	15,000

### 4 Remuneration of directors

No directors received any emoluments during the period.

### 5 Staff numbers and costs

The average number of persons employed by the company (all of whom were directors) during the period was 4.

### 6 Interest receivable and similar income

	1999 £	1998 £
On rates repayment	2,666	-

### 7 Interest payable and similar charges

	1999 £	1998 £
On bank loans and overdrafts	1,134	20

## Notes (continued)

### 8 Taxation

	1999 £	1998 £
UK corporation tax at 20.25% (1998 : 21%)	32,000	1,200
Adjustment relating to previous year	(45)	(8,906)
	<u>31,955</u>	<u>(7,706)</u>

### 9 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 1999	1,067,928	18,113	1,086,041
Additions	-	1,395	1,395
Disposals	-	(821)	(821)
	<u>1,067,928</u>	<u>18,687</u>	<u>1,086,615</u>
At 31 December 1999	1,067,928	18,687	1,086,615
<b>Depreciation</b>			
At 1 January 1999	436,945	7,139	444,084
Charge for year	193,699	3,181	196,880
Disposals	-	(426)	(426)
	<u>630,644</u>	<u>9,894</u>	<u>640,538</u>
At 31 December 1999	630,644	9,894	640,538
<b>Net book value</b>			
At 31 December 1999	<u>437,284</u>	<u>8,793</u>	<u>446,077</u>
At 31 December 1998	<u>630,983</u>	<u>10,974</u>	<u>641,957</u>

### 10 Stocks

	1999 £	1998 £
Consumables	<u>898</u>	<u>278</u>

## Notes (continued)

### 11 Debtors

	1999 £	1998 £
<i>Due within one year</i>		
Trade debtors	151,374	144,523
Amounts owed by group undertakings	-	10,085
Other debtors	56,481	54,785
Corporation tax	-	668
Prepayments and accrued income	184,312	136,556
	<hr/> 392,167 <hr/>	<hr/> 346,617 <hr/>

### 12 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	37,443	83,012
Trade creditors	81,223	96,708
Amounts owed to group undertakings	-	4,547
Other creditors including taxation and social security	7,538	13,637
Mainstream corporation tax	31,977	-
Accruals and deferred income	30,320	106,535
	<hr/> 188,501 <hr/>	<hr/> 304,439 <hr/>

### 13 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Shareholder loans (see note 19)	499,000	599,000
	<hr/>	<hr/>

## Notes (continued)

### 14 Provisions for liabilities and charges

	Other provisions £
At 1 January 1999	63,500
Movement during the year	24,621
	<hr/>
At 31 December 1999	88,121
	<hr/>

### 15 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
500 Ordinary "A" shares of £1 each	500	500
500 Ordinary "B" shares of £1 each	500	500
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
500 Ordinary "A" shares of £1 each	500	500
500 Ordinary "B" shares of £1 each	500	500
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

### 16 Profit and loss account

	£
At beginning of year	20,913
Retained profit	41,607
	<hr/>
At end of year	62,520
	<hr/>

## Notes (continued)

### 17 Reconciliation of movement in shareholders' funds

	1999 £	1998 £
Opening shareholders funds	21,913	20,346
Profit for the financial year	41,607	1,567
	<hr/>	<hr/>
Closing shareholders' funds	<b>63,520</b>	21,913
	<hr/>	<hr/>

### 18 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	1999 £	1998 £
Contracted	-	-
	<hr/>	<hr/>

- (b) Annual commitments under non-cancellable operating leases are as follows:

	1999 £	1998 £
		<b>Land and buildings</b>
Operating leases which expire:		
Over five years	15,000	15,000
	<hr/>	<hr/>

- (c) Other commitments:

	1999 £	1998 £
Annual royalty for extraction	501,000	492,000
	<hr/>	<hr/>

## Notes (continued)

### 19 Related party disclosures

The company is jointly controlled by The Hills Group Limited and Aggregate Industries UK Limited.

#### *Finance*

Each joint venture party has invested £500 in the share capital of the joint venture, total issued share capital being 1,000 ordinary shares of £1 each.

Each joint venture party invested loan capital of £549,500. As at 31 December 1998, the total outstanding investment was £599,000 and was disclosed as a creditor falling due after more than one year. A further £50,000 was repaid to each party during the year. The loan outstanding at 31 December 1999 was £499,000.

The loan capital is unsecured and no interest is payable.

#### *Sales*

Sales are only made to the joint venture parties. Turnover during the period comprises £600,914 in respect of The Hills Group Limited, via its wholly owned subsidiary company Hills Minerals and Waste Limited and £579,754 in respect of Aggregate Industries UK Limited. At the year end the amount outstanding and disclosed under trade debtors is £30,938 from Hills Minerals and Waste Limited and £120,435 from Aggregate Industries UK Limited.

#### *Other transactions*

Expenses totalling £141,082 were charged by Hills Minerals and Waste Limited being management fees of £7,500, payroll costs of £91,945 and £41,637 in respect of other profit and loss items. Payroll costs of £17,856 and other profit and loss items of £6,575 were charged by Aggregate Industries UK Limited.

### 20 Year 2000

The company continues its review on the impact of the year 2000 on company's business. The directors are satisfied that to date, no significant issues have arisen as a result of Year 2000 and that any future impact on the businesses will not be significant. In the unlikely event of an internal Year 2000 fault still remaining undetected or of a default by a third party, contingency plans remain in place so that the company will be able to restore its operation with a minimum of delay and with no significant impact on customers.