Cotswold Aggregates Limited

Directors' report and financial statements

Registered number 3156667

31 December 2010

Contents

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activities

The principal activities of the company were the extraction and sale of sand and gravel As anticipated the company ceased trading in June 2009 following the exhaustion of the mineral reserve at the Latton Quarry The directors have not prepared the accounts on a going concern basis as the directors intend to liquidate the company following settlement of remaining net assets The effect of this is explained in note 1 to the financial statements

Proposed dividend

The company made a profit after tax for the year of £69,587 *(2009 £37,299)* The company paid a final dividend of £200,000 *(2009 £200,000)* which has been transferred out of reserves

Directors and directors' interests

The directors who held office during the year were as follows

GW Bolsover (resigned 31 March 2010)
CR Jenkins
AG Pardoe
AJ Mackenzie
Alain Bourguignon

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company s auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company s auditors are aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

AG Pardoe
Director

Bardon Hall
Copt Oak Road
Markfield
Leicestershire
LE67 9PJ

2011

Registered number 3156667

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Independent auditor's report to the members of Cotswold Aggregates Limited

We have audited the financial statements of Cotswold Aggregates Limited for the year ended 31 December 2010 set out on pages 5 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at
www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Cotswold Aggregates Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A C Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

29 September 2011

Profit and loss account
for the year ended 31 December 2010

	Note	**2010**	2009
		£	£
Turnover	*2*	**-**	120,869
Cost of sales	*3*	**93,496**	(72,015)
Gross profit		**93,496**	48,854
Administrative expenses		**(9,876)**	(25,504)
Operating profit		**83,620**	23,350
Interest receivable and similar income	*7*	**450**	398
Profit on ordinary activities before taxation	*4*	**84,070**	23,748
Tax on profit on ordinary activities	*8*	**(14,483)**	13,551
Profit for the financial year	*14*	**69,587**	37,299

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

All results are derived from discontinuing operations

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

Registered number 3156667

Balance sheet
at 31 December 2010

	Note	2010 £	£	2009 £	£
Current assets					
Debtors	*10*	**885**		12,885	
Cash at bank and in hand		**94,366**		254,731	
			95,251		267 616
Current liabilities					
Creditors amounts falling due within one year	*11*	**(22,141)**		(49,093)	
Provisions for liabilities and charges	*12*	**(7,500)**		(22,500)	
			(29,641)		(71,593)
Net assets			**65,610**		196,023
Capital and reserves					
Called up share capital	*13*		**1,000**		1,000
Profit and loss account	*14*		**64,610**		195,023
Shareholders' funds	*15*		**65,610**		196,023

The notes on pages 7 to 12 form an integral part of these financial statements

These financial statements were approved by the board of directors on 28th September 2011 and were signed on its behalf by

AG Pardoe
Director

Registered number 3156667

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 financial statements

Basis of preparation

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

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

All selling activity came to an end in June 2009 as the mineral stockpiles were exhausted As the directors do not intend to acquire a replacement trade but intend to liquidate the company following the settlement of remaining net assets, the directors have not prepared the financial statements on a going concern basis The remaining net book value of fixed assets has been reclassified to current assets as a result, and the amounts included in restoration provisions reclassified to current liabilities

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Restoration and aftercare costs

The costs of site restoration and aftercare that would be expected to be incurred if the site ceased operation immediately, are recognised as a provision when work commences on the site

Other costs may be provided on a pro rata basis based on aggregates extracted

Costs are charged to the provision as incurred A fixed asset is created within land and buildings for an amount equivalent to the provision This was charged to the profit and loss account on a unit of production basis over the life of the site

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Turnover

Turnover represented the amounts (excluding value added tax) derived from the sale of aggregates during the year, and is recognised on despatch of the aggregates

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 derived from the company's principal activity within the United Kingdom

3 Cost of sales

The credit within cost of sales in the year relates to a rates rebate which was agreed during the year, offset by the utilisation of £14,792 of the restoration provision (see note 12)

4 Profit on ordinary activities before taxation

	2010	2009
	£	£
Profit on ordinary activities before taxation is stated after charging		
Auditor s remuneration		
Audit of these financial statements	**6,000**	10,330
Hire of plant and machinery – operating leases	-	712

5 Remuneration of directors

None of the directors received any remuneration from the company during the current or prior year The directors are remunerated by the joint venture parties, Hills UK Limited and Aggregate Industries UK Limited

6 Staff numbers and costs

The average number of persons employed by the company during the year was Nil (*2009 one*), none of whom were directors Staff costs of £Nil *(2009 £7,574)* were incurred in relation to these persons

Notes *(continued)*

7 Interest receivable and similar income

	2010	2009
	£	£
Bank interest	**450**	398

8 Taxation on profit on ordinary activities

Analysis of charge in period	**2010**	2009
	£	£
UK corporation tax		
Current tax on income for the year	**14,557**	(12,000)
Adjustments in respect of prior periods	**(74)**	(1,551)
Tax on profit on ordinary activities	**14,483**	(13,551)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2009 lower)* than the standard rate of corporation tax in the UK of 21% *(2009 28%)* The differences are explained below

	2010	2009
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**84,070**	23,748
Current tax at 21% *(2009 28%)*	**17,655**	6,649
Effects of		
Expenses not deductible for tax purposes	**52**	1,449
Marginal relief for small companies	**-**	4,219
Deferred tax - movement on unrecognised deferred tax asset	**(3,150)**	(24,317)
Adjustments to tax charge in respect of previous periods	**(74)**	(1,551)
Total current tax charge (see above)	**14,483**	(13,551)

At 31 December 2010, the company has an unrecognised deferred tax asset of £1,575 *(2009 £6,300)* which has not been recognised as there is insufficient evidence that the company will utilise this asset in the foreseeable future

Factors affecting the future tax rate

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above

Notes *(continued)*

9 Dividends on equity shares

	2010	2009
	£	£
Equity shares		
Dividends paid on shares classified in shareholders funds	**200,000**	200,000

10 Debtors

	2010	2009
	£	£
Amounts due from joint venture partners	**885**	885
Corporation tax	**-**	12 000
	855	12,885

11 Creditors: amounts falling due within one year

	2010	2009
	£	£
Amounts owed to joint venture partners	**3,587**	2 576
Corporation tax	**14,554**	-
Accruals and deferred income	**4,000**	46,517
	22,141	49,093

12 Provisions for liabilities and charges

	Restoration and aftercare provision
	£
At beginning of year	22,500
Utilised during the year	(208)
Amounts released during the year	(14,792)
At end of year	**7,500**

As described in note 1, these financial statements have not been prepared on a going concern basis, therefore, the restoration provisions at 31 December 2010 have been classified as current liabilities

Notes *(continued)*

13 Called up share capital

	2010
	£
Allotted, called up and fully paid	
500 *(2009 500)* ordinary A shares of £1 each	**500**
500 *(2009 500)* ordinary B shares of £1 each	**500**
	1,000

14 Profit and loss account

	£
At beginning of year	195,023
Profit for the year	69,587
Dividends paid on shares classified in shareholders funds	(200,000)
At end of year	**64,610**

15 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	**69,587**	37,299
Dividends paid on shares classified in shareholders funds	**(200,000)**	(200,000)
Net reduction in shareholders' funds	**(130,413)**	(162,701)
Opening shareholders funds	**196,023**	358,724
Closing shareholders' funds	**65,610**	196,023

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Notes *(continued)*

16 Related party disclosures

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

Finance

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

Each joint venture party invested loan capital of £549,500 This has since been fully repaid

Sales

Sales are only made to the joint venture parties Turnover during the year comprises £Nil *(2009 £134,315)* in respect of Hills UK Limited, via its wholly owned subsidiary company Hills Quarry Products Limited, and £Nil *(2009 £25,409)* in respect of Aggregate Industries UK Limited At the year end the amount outstanding and disclosed under amounts due from joint venture partners is £Nil *(2009 £885)* from Hills Quarry Products Limited and £885 *(2009 £Nil)* from Aggregate Industries UK Limited

Other transactions

Expenses totalling £5,458 *(2009 £89,608)* were charged by Hills Quarry Products Ltd being management fees of £5,250 *(2009 £7,500)*, payroll costs of £Nil *(2009 £3,572)* and £208 *(2009 £78,536)* in respect of other profit and loss items Expenses totalling £Nil *(2009 £1,185)* were charged by Hills Waste Solutions Ltd being management fees of £Nil *(2009 £Nil)*, payroll costs of £Nil *(2009 £Nil)* and £Nil *(2009 £1,185)* in respect of other profit and loss items Payroll costs of £Nil *(2009 £Nil)* and other profit and loss items of £Nil *(2009 £257)* were charged by Aggregate Industries UK Limited

At the year end the company owed a total of £Nil *(2009 £76)* to Hills Waste Solutions Limited, £3,587 *(2009 £2,500)* to Hills Quarry Products Ltd and £Nil *(2009 £Nil)* to Aggregate Industries UK Limited

The company paid a dividend of £100,000 to each joint venture party during the year *(2009 £100,000 each)*