

**Cotswold Aggregates Limited**

**Directors' report and financial  
statements**

**Registered number 3156667**

**31 December 2008**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### Principal activities

The principal activities of the company are the extraction and sale of sand and gravel. Due to the exhaustion of the mineral reserve at Latton quarry, the directors believe that the company will cease trading before the end of the 2009 financial year. As the directors intend to liquidate the company following the settlement of the remaining net assets, the directors have not prepared the accounts on a going concern basis. 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 £387,987 (2007: £297,773). The company paid a final dividend of £500,000 (£2007: £120,000) which has been transferred out of reserves.

### Directors and directors' interests

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

AG Pardoe  
J Crick  
AJ Mackenzie

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

### 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.

### Auditors

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

By order of the board

AG Pardoe  
Director



AJ Mackenzie  
Director



Bardon Hall  
Copt Oak Road  
Markfield  
Leicestershire  
LE67 9PJ

7 October 2009

## **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.

The financial statements are required by law to 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. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 LLP

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

### **Independent auditors' report to the members of Cotswold Aggregates Limited**

We have audited the financial statements of Cotswold Aggregates for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Company's circumstances, consistently applied and adequately disclosed.

**Independent auditors' report to the members of Cotswold Aggregates Limited**  
*(continued)*

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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

*7 October 2009*

**Profit and loss account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b> £	<b>2007</b> £
<b>Turnover</b>	2	1,618,757	1,864,561
Cost of sales		(686,624)	(751,486)
<b>Gross profit</b>		<b>932,133</b>	<b>1,113,075</b>
Administrative expenses		(594,918)	(698,357)
<b>Operating profit</b>		<b>337,215</b>	<b>414,718</b>
Gain on disposal of fixed assets		75,245	-
Interest receivable and similar income	6	19,649	12,804
<b>Profit on ordinary activities before taxation</b>	3	<b>432,109</b>	<b>427,522</b>
Tax on profit on ordinary activities	7	(44,122)	(129,749)
<b>Profit for the financial year</b>	15	<b>387,987</b>	<b>297,773</b>

The company has no recognised gains or losses other than the loss 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.

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

**Balance sheet**  
*at 31 December 2008*

	<i>Note</i>	<b>2008</b>		<b>2007</b>	
		£	£	£	£
<b>Fixed assets</b>			-		110,949
<b>Current assets</b>					
Tangible assets	9	1,133		-	
Stocks	10	3,789		6,571	
Debtors	11	289,523		511,959	
Cash at bank and in hand		501,880		376,664	
		<u>796,325</u>		<u>895,194</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	12	(381,713)		(429,162)	
Provisions for liabilities and charges	13	(55,888)		-	
		<u>(437,601)</u>		<u>(429,162)</u>	
<b>Net current assets</b>			<u>358,724</u>		<u>466,032</u>
<b>Total assets less current liabilities</b>			<u>358,724</u>		<u>576,981</u>
<b>Provisions for liabilities and charges</b>	13		-		(106,244)
<b>Net assets</b>			<u>358,724</u>		<u>470,737</u>
<b>Capital and reserves</b>					
Called up share capital	14	1,000		1,000	
Profit and loss account	15	357,724		469,737	
<b>Shareholders' funds - equity</b>	16	<u>358,724</u>		<u>470,737</u>	

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

These financial statements were approved by the board of directors on  
signed on its behalf by:



**AJ Mackenzie**  
Director



**AG Pardoe**  
Director

7 October 2009 and were

## 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.

By November 2008 extraction of mineral had ceased at Latton quarry. 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. No adjustments were necessary to the amounts at which remaining net assets are included in these financial statements. However, the remaining net book value of fixed assets has been reclassified to current assets as a result, and amounts included in restoration provisions reclassified to current liabilities.

The fixed assets include the aggregate washing plant at a net book value of £nil. The directors' estimated valuation is £100,000 less cost of disposal for this asset.

#### ***Fixed assets and depreciation***

Except for mineral bearing land and mineral rights, as noted below, 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:

Plant and machinery	-	3-10 years
Fixtures and fittings	-	6 years

Mineral bearing land is depleted to an estimated residual value pro rata as the minerals are extracted. Costs directly incurred in bringing the asset into use are depreciated over the life of the site as the minerals are extracted.

#### ***Leases***

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 is 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 represents the amounts (excluding value added tax) derived from the sale of aggregates during the year, and is recognised on despatch of the aggregates.

### 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 on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit of these financial statements	9,600	9,600
Depreciation of tangible fixed assets	109,358	237,565
Hire of plant and machinery – operating leases	22,290	31,291
Hire of other assets – operating leases	32,718	33,000
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### 4 Remuneration of directors

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

### 5 Staff numbers and costs

The average number of persons employed by the company during the year was 3 (2007:4), all of whom were directors.

**Notes** *(continued)*

**6 Interest receivable and similar income**

	2008 £	2007 £
Bank interest	19,649	12,804

**7 Taxation on profit on ordinary activities**

Analysis of charge in period	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax on income for the year	51,000	140,000
Adjustments in respect of prior periods	(6,878)	(10,251)
Tax on profit on ordinary activities	44,122	129,749

*Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below.

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	432,109	427,522
Current tax at 28.5% (2006: 30%)	123,151	128,257
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,186	1,082
Marginal relief for small companies	(18,761)	(22,098)
Deferred tax - movement on unrecognised deferred tax asset	(55,576)	32,759
Adjustments to tax charge in respect of previous periods	(6,878)	(10,251)
Total current tax charge (see above)	44,122	129,749

At 31 December 2008, the company has an unrecognised deferred tax asset of £30,600 (2007: £83,748) which has not been recognised as there is insufficient evidence that the company will utilise this asset in the foreseeable future.

**8 Dividends on equity shares**

	2008 £	2007 £
Equity shares:		
Dividend paid	500,000	120,000

## Notes (continued)

### 9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures And Fittings	Total
	£	£	£	£
<b>Cost</b>				
At beginning of year	628,880	1,544,148	18,687	2,191,715
Disposals	-	(1,101,138)	(18,687)	(1,119,825)
Additions	20,197	-	-	20,197
Transfer to current assets	(649,077)	(443,010)	-	(1,092,087)
At end of year	-	-	-	-
<b>Depreciation</b>				
At beginning of year	596,405	1,465,674	18,687	2,080,766
Disposals	-	(1,080,483)	(18,687)	(1,099,170)
Charge for year	51,539	57,819	-	109,358
Transfer to current assets	(647,944)	(443,010)	-	(1,090,954)
At end of year	-	-	-	-
<b>Net book value</b>				
At 31 December 2008	-	-	-	-
At 31 December 2007	32,475	78,474	-	110,949

As described in Note 1, these financial statements have not been prepared on a going concern basis, therefore the net book value of fixed assets of £1,133 has been transferred to current assets at 31 December 2008.

### 10 Stocks

	2008 £	2007 £
Consumables	3,789	6,571

### 11 Debtors

	2008 £	2007 £
Amounts due from joint venture partners	257,021	502,519
Prepayments and accrued income	-	7,968
Other debtors including taxation	32,502	1,472
	289,523	511,959

**Notes** *(continued)*

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

	2008 £	2007 £
Trade creditors	66,887	652
Amounts owed to joint venture partners	21,460	20,028
Other creditors including taxation and social security	88,935	153,564
Corporation tax	51,000	140,049
Accruals and deferred income	153,431	114,869
	<u>381,713</u>	<u>429,162</u>

**13 Provisions for liabilities and charges**

	Restoration and aftercare provision £
At beginning of year	106,244
Utilised during the year	(66,726)
Additional amounts provided	16,370
<b>At end of year</b>	<u><b>55,888</b></u>

As described in Note 1, these financial statements have not been prepared on a going concern basis, therefore, the restoration provisions at 31 December 2008 have been classified as current liabilities.

**14 Called up share capital**

	2008 £	2007 £
<i>Authorised, 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
	<u>1,000</u>	<u>1,000</u>

**15 Profit and loss account**

	£
At beginning of year	469,737
Profit for the year	387,987
Dividends paid in the year	(500,000)
<b>At end of year</b>	<u><b>357,724</b></u>

## Notes (continued)

### 16 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	387,987	297,773
Dividends	(500,000)	(120,000)
Net addition to / (reduction in) shareholders' funds	(112,013)	177,773
Opening shareholders' funds	470,737	292,964
Closing shareholders' funds	358,724	470,737

### 17 Commitments

#### (a) Other commitments:

	2008 £	2007 £
Annual royalty for extraction	-	340,009

### 18 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, 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 £824,063 (2007: £937,031) in respect of Hills UK Limited, via its wholly owned subsidiary company Hills Quarry Products Limited, and £776,594 (2007: £927,530) in respect of Aggregate Industries UK Limited. At the year end the amount outstanding and disclosed under amounts due from joint venture partners is £151,567 (2007: £66,708) from Hills Quarry Products Limited and £105,454 (2007: £435,811) from Aggregate Industries UK Limited.

#### Other transactions

Expenses totalling £280,162 (2007: nil) were charged by Hills Quarry Products Ltd being management fees of £4,375 (2007: nil), payroll costs of £102,555 (2007: nil) and £173,233 (2007: nil) in respect of other profit and loss items. Expenses totalling £126,561 (2007: £229,230) were charged by Hills Waste Solutions Ltd being management fees of £3125 (2007: £7,500), payroll costs of £65,775 (2007: £185,632) and £57,760 (2007: £36,098) in respect of other profit and loss items. Payroll costs of £6,666 (2007: £13,498) and other profit and loss items of £530 (2007: £nil) were charged by Aggregate Industries UK Limited.

At the year end the company owed a total of £515 (2007: £20,028) to Hills Waste Solutions Limited, £20,945 (2007: nil) to Hills Quarry Products Ltd and £nil (2007: £nil) to Aggregate Industries UK Limited.

The company paid a dividend of £250,000 to each joint venture party during the year (2007: £60,000).