

Cotswold Aggregates Limited

**Directors' report and financial
statements**

**Registered number 3156667
31 December 2004**



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activities of the company are the extraction and sale of sand and gravel.

Proposed dividend

The directors do not recommend the payment of a final dividend. The profit for the year retained in the company is £396,842 (2003: retained loss £104,709).

Directors and directors' interests

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

AG Pardoe

PL Dixon (resigned 20 April 2005)

J Crick

GW Bolsover

AJ Mackenzie (appointed 20 April 2005)

None of the directors who held office at the end of the financial year had any disclosable interest 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



AG Pardoe
Director



AJ Mackenzie
Director

Bardon Hill
Coalville
Leicester
LE67 2TL

27 October 2005

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;
- 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 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 independent auditors to the members of Cotswold Aggregates Limited

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

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 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 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 1985. 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 2004 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

27 October 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Turnover	<i>1,2</i>	1,806,091	1,486,800
Cost of sales		(831,394)	(725,024)
Gross profit		974,697	761,776
Administrative expenses		(505,657)	(523,718)
Operating profit		469,040	238,058
Interest payable and similar charges	<i>6</i>	-	(183)
Interest receivable and similar income	<i>7</i>	1,997	-
Profit on ordinary activities before taxation	<i>3</i>	471,037	237,875
Tax on profit on ordinary activities	<i>8</i>	(74,195)	(42,584)
Profit for the financial year		396,842	195,291
Dividends on equity shares	<i>9</i>	-	(300,000)
Retained profit/(loss) for the year	<i>16</i>	396,842	(104,709)

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

All results are derived from continuing 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 6 to 12 form part of these financial statements.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004 £	2003 £
Fixed assets			
Tangible assets	10	663,007	280,600
Current assets			
Stocks	11	618	637
Debtors	12	565,589	390,995
Cash at bank and in hand		-	75,616
		<u>566,207</u>	<u>467,248</u>
Creditors: amounts falling due within one year	13	<u>(463,292)</u>	<u>(386,267)</u>
Net current assets		<u>102,915</u>	<u>80,981</u>
Total assets less current liabilities		<u>765,922</u>	<u>361,581</u>
Provisions for liabilities and charges	14	<u>(134,246)</u>	<u>(126,747)</u>
Net assets		<u><u>631,676</u></u>	<u><u>234,834</u></u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account	16	630,676	233,834
Shareholders' funds - equity	17	<u><u>631,676</u></u>	<u><u>234,834</u></u>

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

These financial statements were approved by the board of directors on 27 October 2005 and were signed on its behalf by:

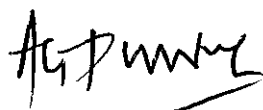
AJ Mackenzie

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 in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

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.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. 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.

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.

Notes (continued)

1 Accounting policies (continued)

Restoration and aftercare costs (continued)

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.

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

	2004 £	2003 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	6,250	6,000
Depreciation of tangible fixed assets	152,635	143,930
Hire of plant and machinery	37,604	36,830
Hire of other assets - operating leases	17,285	17,285

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, The Hills Group Limited and Aggregate Industries UK Limited.

5 Staff numbers and costs

The average number of persons employed by the company during the year was 4 (2002: 4), all of whom were directors.

6 Interest payable and similar charges

	2004 £	2003 £
On bank loans and overdrafts	-	183

Notes (continued)

7 Interest receivable and similar income

	2004 £	2003 £
Bank interest	1,997	-

8 Taxation

Analysis of charge in period

	2004 £	2003 £
<i>UK corporation tax</i>		
Current tax on income for the period	76,621	44,000
Adjustments in respect of prior periods	(2,426)	(1,416)
Tax on profit on ordinary activities	74,195	42,584

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2003: lower) than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	471,037	237,875
Current tax at 30 % (2003: 30%)	141,311	71,363
<i>Effects of:</i>		
Expenses not deductible for tax purposes	771	537
Marginal relief for small companies	(40,509)	(26,167)
Deferred tax - movement on unrecognised deferred tax asset	(24,952)	(1,733)
Adjustments to tax charge in respect of previous periods	(2,426)	(1,416)
Total current tax charge (see above)	74,195	42,584

At 31 December 2004, the company has an unrecognised deferred tax asset of £7,525 (2004: £32,477) which has not been recognised as there is insufficient evidence that the company will utilise this asset in the foreseeable future.

9 Dividends and other appropriations

	2004 £	2003 £
Equity shares:		
Interim dividend paid	-	300,000

Notes (continued)

10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At beginning of year	289,825	1,391,849	18,687	1,700,361
Additions	227,307	307,735	-	535,042
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	517,132	1,699,584	18,687	2,235,403
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	186,741	1,214,333	18,687	1,419,761
Charge for year	52,405	100,230	-	152,635
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	239,146	1,314,563	18,687	1,572,396
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2004	277,986	385,021	-	663,007
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	103,084	177,516	-	280,600
	<hr/>	<hr/>	<hr/>	<hr/>

11 Stocks

	2004 £	2003 £
Consumables	618	637
	<hr/>	<hr/>

12 Debtors

	2004 £	2003 £
Due within one year		
Amounts due from joint venture partners	395,140	253,555
Prepayments and accrued income	154,386	137,440
Other debtors	16,063	-
	<hr/>	<hr/>
	565,589	390,995
	<hr/>	<hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	81,896	19,345
Amounts owed to joint venture partners	1,972	118,442
Other creditors including taxation and social security	133,147	122,748
Mainstream corporation tax	76,621	46,278
Accruals and deferred income	91,706	79,454
Bank loans and overdrafts	77,950	-
	<u>463,292</u>	<u>386,267</u>

14 Provisions for liabilities and charges

	Restoration and aftercare provision £
At beginning of year	126,747
Utilised during the year	(23,863)
Additional amounts provided	31,362
At end of year	<u>134,246</u>

15 Called up share capital

	2004 £	2003 £
<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>

16 Profit and loss account

	£
At beginning of year	233,834
Retained profit for the year	396,842
At end of year	<u>630,676</u>

Notes (continued)

17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	396,842	195,291
Dividends	-	(300,000)
Net addition/(reduction) to shareholders' funds	396,842	(104,709)
Opening shareholders' funds	234,834	339,543
Closing shareholders' funds	631,676	234,834

18 Commitments

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

	Land and buildings 2004 £	2003 £
Operating leases which expire: Over five years	17,285	17,285

(b) Other commitments:

	2004 £	2003 £
Annual royalty for extraction	546,000	543,000

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 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 £793,609 (2003: £804,686) in respect of The Hills Group Limited, via its wholly owned subsidiary company Hills Minerals and Waste Limited, and £1,003,100 (2003: £682,212) in respect of Aggregate Industries UK Limited. At the year end the amount outstanding and disclosed under trade debtors is £161,993 (2003: £65,339) from Hills Minerals and Waste Limited and £233,148 (2003: £188,216) from Aggregate Industries UK Limited.

Other transactions

Expenses totalling £290,505 (2003: £239,847) were charged by Hills Minerals and Waste Limited being management fees of £7,500 (2003: £7,500), payroll costs of £155,076 (2003: £134,625) and £127,929 (2003: £97,722) in respect of other profit and loss items. Payroll costs of £23,847 (2003: £25,387) and other profit and loss items of £2,200 (2003: £2,100) were charged by Aggregate Industries UK Limited.

At the year end the company owed a total of £Nil (2003: £114,840) to Hills Minerals and Waste Limited and £2,174 (2003: £3,602) to Aggregate Industries UK Limited.

The company paid a dividend of £Nil to each joint venture party during the year (2003: £150,000).