

Cotswold Aggregates Limited

Directors' report and financial statements

31 December 1998

Registered number 3156667



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

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 £1,567 (1997: £90,195).

Directors and directors' interests

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

RW Snape
AG Pardoe
PL Dixon
JR Ellis (appointed 10 March 1998)

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

Date
27/9/99

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

1 Cricklade Court
Cricklade Street
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Swindon
Wiltshire SN1 3EY
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

As described on page 2 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 as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

27/1/99

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 31 December 1998

	<i>Note</i>	1998 £	1997 £
Turnover from continuing operations	2	1,142,077	1,345,230
Cost of sales		(674,138)	(701,665)
Gross profit from continuing operations		467,939	643,565
Administrative expenses		(474,058)	(519,842)
Operating (loss)/profit from continuing operations		(6,119)	123,723
Interest payable and similar charges	6	(20)	(528)
(Loss)/profit on ordinary activities before taxation	3	(6,139)	123,195
Tax charge on loss on ordinary activities	7	7,706	(33,000)
Retained profit for the financial year	15	1,567	90,195

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 1998

		1998		1997
		£	£	£
Fixed assets				
Tangible assets	8		641,957	818,523
Current assets				
Stocks	9	278		2,182
Debtors	10	346,617		320,063
Cash at bank		-		117,713
		<hr/>		<hr/>
		346,895		439,958
Creditors: amounts falling due within one year	11	(304,439)		(340,536)
		<hr/>		<hr/>
Net current assets			42,456	99,422
			<hr/>	<hr/>
Total assets less current liabilities			684,413	917,945
Creditors: amounts falling due after more than one year	12	(599,000)		(849,000)
Provisions for liabilities and charges	13	(63,500)		(48,599)
		<hr/>		<hr/>
Net assets			21,913	20,346
			<hr/>	<hr/>
Capital and reserves				
Called up share capital	14	1,000		1,000
Profit and loss account	15	20,913		19,346
		<hr/>		<hr/>
Shareholders' funds - equity	16	21,913		20,346
		<hr/>		<hr/>

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

These financial statements were approved by the board of directors on 27/1/99 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 (Revised 1996) 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 Loss/(profit) on ordinary activities before taxation

	1998 £	1997 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	5,004	7,000
Depreciation of tangible fixed assets	193,464	219,092
Hire of plant and machinery	29,506	32,781
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 payable and similar charges

	1998 £	1997 £
On bank loans and overdrafts	20	528

Notes (continued)

7 Taxation

	1998 £	1997 £
UK corporation tax at 21% (1997 : 21.75%)	1,200	33,000
Adjustment relating to previous year	(8,906)	-
	<u>(7,706)</u>	<u>33,000</u>

8 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 January 1998	1,051,030	18,113	1,069,143
Additions	16,898	-	16,898
	<u>1,067,928</u>	<u>18,113</u>	<u>1,086,041</u>
At 31 December 1998	1,067,928	18,113	1,086,041
Depreciation			
At 1 January 1998	246,435	4,185	250,620
Charge for year	190,510	2,954	193,464
	<u>436,945</u>	<u>7,139</u>	<u>444,084</u>
At 31 December 1998	436,945	7,139	444,084
Net book value			
At 31 December 1998	<u>630,983</u>	<u>10,974</u>	<u>641,957</u>
At 31 December 1997	<u>804,595</u>	<u>13,928</u>	<u>818,523</u>

9 Stocks

	1998 £	1997 £
Consumables	<u>278</u>	<u>2,182</u>

Notes (continued)

10 Debtors

	1998	1997
	£	£
<i>Due within one year</i>		
Trade debtors	144,523	120,142
Amounts owed by group undertakings	10,085	15,000
Other debtors	54,785	56,779
Corporation tax	668	-
Prepayments and accrued income	136,556	128,142
	<u>346,617</u>	<u>320,063</u>

11 Creditors: amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts	83,012	-
Trade creditors	96,708	183,375
Amounts owed to group undertakings	4,547	-
Other creditors including taxation and social security	13,637	52,278
Mainstream corporation tax	-	33,000
Accruals and deferred income	106,535	71,883
	<u>304,439</u>	<u>340,536</u>

12 Creditors: amounts falling due after more than one year

	1998	1997
	£	£
Shareholder loans (see note 18)	<u>599,000</u>	<u>849,000</u>

Notes (continued)

13 Provisions for liabilities and charges

	Other provisions £
At 1 January 1998	48,599
Movement during the year	14,901
	<hr/>
At 31 December 1998	63,500
	<hr/> <hr/>

14 Called up share capital

	1998 £	1997 £
<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/>	<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/>	<hr/> <hr/>

15 Profit and loss account

	£
At beginning of year	19,346
Retained profit	1,567
	<hr/>
At end of year	20,913
	<hr/> <hr/>

Notes (continued)

16 Reconciliation of movement in shareholders' funds

	1998 £	1997 £
Opening shareholders funds	20,346	(69,849)
Profit for the financial year	1,567	90,195
	<hr/>	<hr/>
Closing shareholders' funds	21,913	20,346
	<hr/>	<hr/>

17 Commitments

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

	1998 £	1997 £
Contracted	-	16,493
	<hr/>	<hr/>

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

	Land and buildings 1998 £	1997 £
Operating leases which expire: Over five years	15,000	15,000
	<hr/>	<hr/>

- (c) Other commitments:

	1998 £	1997 £
Annual royalty for extraction	492,000	465,000
	<hr/>	<hr/>

Notes (continued)

18 Related party disclosures

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

On 10 March 1998 the interest in the company held by CAMAS UK Limited, a subsidiary of CAMAS plc was transferred to Aggregate Industries UK Limited, a subsidiary of Aggregate Industries plc. Aggregate Industries plc was formed in May 1997 as a result of the merger of Bardon Group plc and CAMAS plc.

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 1997, the total outstanding investment was £849,000 and was disclosed as a creditor falling due after more than one year. A further £125,000 was repaid to each party during the year. The loan outstanding at 31 December 1998 was £599,000.

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 £538,872 in respect of The Hills Group Limited, via its wholly owned subsidiary company Hills Minerals and Waste Limited and £598,246 in respect of Aggregate Industries UK Limited. At the end of the period the amount outstanding and disclosed under trade debtors is £46,921 from Hills Minerals and Waste Limited and £97,602 from Aggregate Industries UK Limited.

Other transactions

Expenses totalling £132,910 were charged by Hills Minerals and Waste Limited being management fees of £7,500, payroll costs of £88,526 and £36,884 in respect of other profit and loss items. Payroll costs of £17,856 were charged by Aggregate Industries UK Limited.

19 Year 2000

Most computer systems use dates which contain a year expressed as two digits. These systems need to be modified before the year 2000 to avoid systems failure.

The company depends not only on its own computer systems but also those of its customers and suppliers. As a result the company's business could be seriously disrupted if either its own systems, its customers' systems or its suppliers' systems fail.

The company has commenced a review of the impact of the year 2000 on its business. The directors believe that significant issues will be identified and adequately addressed prior to 31 December 1999.

The directors estimate the costs of addressing these issues will not be significant.