

**A. & J. BULL (HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 1998**

**Company Number: 3301834**

FRASER RUSSELL  
Chartered Accountants  
4 London Wall Buildings  
Blomfield Street  
LONDON EC2M 5NT



**A. & J. BULL (HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

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4 London Wall Buildings  
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**A. & J. BULL (HOLDINGS) LIMITED**

**COMPANY INFORMATION**

**Directors**

T.G. Mills (Chairman)  
S.T. Mills  
K.C. Cartwright  
P.J. Scarborough  
D.A. Sherwin  
T.F. Moxon  
R.J. Wheatley  
B. Terlinden  
P. Catlin  
A. Rolin

**Secretary**

J.M. Lewis

**Registered Office**

4 London Wall Buildings  
Blomfield Street  
LONDON EC2M 5NT

**Auditors**

Fraser Russell

**Solicitors**

Courts & Co.

**Bankers**

Lloyds Bank plc

**A. & J. BULL (HOLDINGS) LIMITED****REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their report together with the consolidated financial statements of the group for the year to 31st July 1998.

**Principal activities**

The group's principal activities are the management and recycling of waste, quarrying and merchanting of sand and gravel, plant hire, demolition and civil engineering contractors. The directors consider that these form a single integrated activity.

**Review of business and future developments**

The group continues to prosper in its core activities. A further two transfer stations were brought into operation during the year which has increased the group's capacity to deal with waste. The directors continue to explore all opportunities which would prove beneficial to the group's overall commitment to pollution control.

**Results and dividends**

The group's profit for the year after taxation amounted to £401,904 (1997 : loss £153,488 as restated), which has been transferred to retained earnings.

The directors do not recommend the payment of a dividend.

**Directors and their interests**

The directors of the company during the year were as follows:

T.G. Mills (Chairman)	
S.T. Mills	
K.C. Cartwright	
P.J. Scarborough	
D.A. Sherwin	
T.F. Moxon	
B.H. Fiddler	(appointed on 31st October 1997 and resigned on 28th July 1998)
R.J. Wheatley	(appointed on 30th July 1998)
B. Terlinden	(appointed on 30th July 1998)
P. Catlin	(appointed on 30th July 1998)
A. Rolin	(appointed on 30th July 1998)

None of the directors has any beneficial interests in the shares of the company.

**Employment of disabled persons**

It is the group's practice to facilitate the employment of disabled persons and provide, whenever possible, opportunities for training, career development and promotion. Where employees become disabled whilst in the service of the group, every effort is made to rehabilitate them in their former jobs or some other suitable alternative, and to provide appropriate training and specialist advice.

**Employee involvement**

It is the group policy to operate through individual company trading units. This structure encourages and facilitates the involvement of all staff in their own company's activities and development.

**A. & J. BULL (HOLDINGS) LIMITED****REPORT OF THE DIRECTORS****Year 2000 issues**

An evaluation has been completed of the potential impact of the year 2000 problem on the activities of the Group and a contingency plan has been prepared. Assurances are being sought from the suppliers and maintainers of critical items of equipment that these are year 2000 compliant. Where such assurance is not available the scope for mechanical operation of equipment in the event of failure has been examined. Critical items of equipment requiring replacement or modification before year 2000 have been identified. The cost of such replacement or modification is not anticipated to be material. The financial statements include no specific provision to meet this cost.

**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 the group and of the profit or loss of the group for that year. In preparing these 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 group and 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution proposing the re-appointment of Messrs. Fraser Russell, Chartered Accountants and Registered Auditors, will be put to the Annual General Meeting.

**Registered Office:**  
4 London Wall Buildings  
Blomfield Street  
LONDON EC2M 5NT

BY ORDER OF THE BOARD

  
J.M. LEWIS  
Secretary

Dated: 25th November 1998

**AUDITORS' REPORT TO THE MEMBERS OF  
A. & J. BULL (HOLDINGS) LIMITED**

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 3 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 group'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 affairs of the company and of the group as at 31st July 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FRASER RUSSELL  
Chartered Accountants  
Registered Auditors

4 London Wall Buildings  
Blomfield Street  
London EC2M 5NT

Dated: 25th November 1998

**A. & J. BULL (HOLDINGS) LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**For the year ended 31st July 1998**

		1998	1997 restated (1 month)
	Notes	£	£
<b>Turnover: group and share of joint ventures</b>		36,830,059	3,359,030
Less: Share of joint ventures' turnover		(887,609)	(89,159)
<b>Group turnover</b>	2	35,942,450	3,269,871
Cost of sales (including exceptional costs of £1,007,146 - see note 3)		(31,628,953)	(3,190,918)
<b>Gross profit</b>		4,313,497	78,953
Administrative expenses (including exceptional costs of £720,500 - see note 3)		(3,539,110)	(239,694)
<b>Group operating profit/(loss)</b>	4	774,387	(160,741)
Share of operating profit in joint ventures		318,261	28,668
Profit on disposal of subsidiary undertaking	3	460,419	-
Bank interest receivable - group		1,368	-
Bank interest receivable - joint ventures		18,602	1,056
Interest payable and similar charges	7	(1,093,930)	(100,902)
<b>Profit/(loss) on ordinary activities before taxation</b>		479,107	(231,919)
Tax on profit/(loss) on ordinary activities	8	(77,203)	78,431
<b>Retained profit/(loss) for the group and its share of joint ventures</b>	18	£401,904	£(153,488)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31st July 1998**

	1998	1997 restated
	£	£
Profit/(loss) for the year	401,904	(153,488)
<b>Total recognised gains and losses relating to the year</b>	401,904	(153,488)
Prior year adjustment (note 19)	(295,955)	
<b>Total gains and losses recognised since the last annual report</b>	£105,949	

*Movements on reserves are set out in Note 18.*

*All 1997 amounts relate to acquired activities. All 1998 amounts relate to continuing activities.*

*The notes on pages 9 to 21 form an integral part of these financial statements.*

**A. & J. BULL (HOLDINGS) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31st July 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>(1 month)</b>
		<b>£</b>
<b>Administrative expenses</b>	(5,000)	-
Interest receivable	780,000	75,000
Interest payable on bank loan	(743,930)	(65,000)
	<hr/>	<hr/>
<b>Profit before taxation</b>	31,070	10,000
Taxation	(10,617)	(2,100)
	<hr/>	<hr/>
<b>Profit for the year</b>	20,453	7,900
Retained profit brought forward	7,900	-
	<hr/>	<hr/>
Retained profit carried forward	£28,353	£7,900
	<hr/> <hr/>	<hr/> <hr/>



## A. &amp; J. BULL (HOLDINGS) LIMITED

## BALANCE SHEETS

As at 31st July 1998

		1998		1997	
		Group	Company	Group restated	Company
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible asset	9	3,787,452	-	3,987,317	-
Tangible assets	10	23,638,182	-	22,696,708	-
Investments	11	254	13,336,916	254	13,336,916
Investments in joint ventures:					
Share of gross assets		2,089,457	-	1,970,817	-
Share of gross liabilities		(1,139,658)	-	(1,319,360)	-
	11	949,799	-	651,457	-
		28,375,687	13,336,916	27,335,736	13,336,916
<b>Current assets</b>					
Stocks and work in progress	12	416,389	-	551,299	-
Debtors	13	9,115,314	12,652,098	8,106,345	12,690,373
Cash in hand		31,632	-	3,331	-
		9,563,335	12,652,098	8,660,975	12,690,373
<b>Creditors: amounts falling due within one year</b>	14	(11,403,866)	(1,247,965)	(9,915,400)	(931,670)
<b>Net current (liabilities)/assets</b>		(1,840,531)	11,404,133	(1,254,425)	11,758,703
<b>Total assets less current liabilities</b>		26,535,156	24,741,049	26,081,311	25,095,619
<b>Creditors: amounts falling due after more than one year</b>	15	(9,689,126)	(9,258,804)	(10,055,316)	(9,600,000)
<b>Provision for liabilities and charges</b>	16	(1,143,722)	-	(725,591)	-
		£15,702,308	£15,482,245	£15,300,404	£15,495,619
<b>Capital and reserves</b>					
Called up share capital	17	6,728,775	6,728,775	6,728,775	6,728,775
Share premium account	18	8,725,117	8,725,117	8,725,117	8,758,944
Profit and loss account	18	248,416	28,353	(153,488)	7,900
<b>Shareholders' funds (including non-equity)</b>		£15,702,308	£15,482,245	£15,300,404	£15,495,619

Approved by the Board of Directors on 25th November 1998 and signed on its behalf by

S.T. MILLS

D.A. SHERWIN

Directors

The notes on pages 9 to 21 form an integral part of these financial statements.

**A. & J. BULL (HOLDINGS) LIMITED****GROUP CASH FLOW STATEMENT****For the year ended 31st July 1998**

	Notes	1998 £	1997 restated (1 month) £
<b>Net cash inflow from operating activities</b>	(a)	3,373,544	977,941
<b>Returns on investments and servicing of finance:</b>			
Interest paid		(1,088,872)	(96,071)
Interest element of finance leases and hire purchase payments		(64,337)	(4,831)
Amounts received from joint venture		86,260	-
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,066,949)	(100,902)
<b>Taxation</b>		(236,663)	-
<b>Capital expenditure and financial investment:</b>			
Purchase of tangible fixed assets		(1,854,108)	(166,053)
Sale of tangible fixed assets		232,233	-
<b>Net cash outflow from capital expenditure and financial investment</b>		(1,621,875)	(166,053)
<b>Acquisitions and disposals:</b>			
Acquisition of subsidiary undertaking		-	(6,500,000)
Disposal of subsidiary undertaking		456,718	-
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>		456,718	(6,500,000)
<b>Net cash inflow/(outflow) before financing</b>		904,775	(5,789,014)
<b>Financing</b>			
Ordinary shares issued		-	9,000,000
Loan stock repaid		-	(10,000,000)
New bank loan finance		1,000,000	10,500,000
Loan repayments		(1,007,863)	-
Refinancing costs		-	(757,002)
Capital element of finance leases and hire purchase payments		(820,483)	(44,880)
<b>Net cash (outflow)/inflow from financing</b>		(828,346)	8,698,118
<b>Increase in cash</b>	(b)	£76,429	£2,909,104

## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE GROUP CASH FLOW STATEMENT

For the year ended 31st July 1998

(a)	<b>Reconciliation of operating cash inflow from operating activities</b>	<b>1998</b>	<b>1997 restated (1 month)</b>		
		<b>£</b>	<b>£</b>		
	Operating profit/(loss)	774,387	(160,741)		
	Amortisation of goodwill	199,366	-		
	Depreciation charges - tangible assets	1,449,611	106,417		
	Loss on disposal of fixed assets	6,651	-		
	Refinancing costs	-	437,375		
	Decrease/(increase) in stocks	134,910	(15,050)		
	(Increase)/decrease in debtors	(1,107,040)	214,237		
	Increase in creditors	1,288,013	395,703		
	Increase in site restoration provision	627,646	-		
	<b>Net cash inflow from operating activities</b>	<b>£3,373,544</b>	<b>£ 977,941</b>		
(b)	<b>Reconciliation of net cash flow to movement in net debt</b>				
	Increase in cash in the year	76,429	2,909,104		
	Cash inflow/(outflow) from changes in debt and loan financing	828,346	(500,000)		
	<b>Changes in net debt arising from cash flows</b>	<b>904,775</b>	<b>2,409,104</b>		
	New finance leases and hire purchase contracts	(775,861)	44,880		
	<b>Movement in net debt in the year</b>	<b>128,914</b>	<b>2,453,984</b>		
	<b>Net debt at 1st August 1997</b>	<b>(13,024,900)</b>	<b>(15,478,884)</b>		
	<b>Net debt at 31st July 1998</b>	<b>£(12,895,986)</b>	<b>£(13,024,900)</b>		
(c)	<b>Analysis of net debt</b>				
		<b>At 1st August 1997</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31st July 1998</b>
	Cash in hand at bank	3,301	28,301	-	31,632
	Bank overdraft	(1,477,431)	48,128	-	(1,429,303)
	Debt due within 1 year	(900,000)	7,863	(341,196)	(1,233,333)
	Debt due after 1 year	(9,600,000)	-	341,196	(9,258,804)
	Finance leases and hire purchase contracts	(1,050,800)	820,483	(775,861)	(1,006,178)
	<b>Total net debt</b>	<b>£(13,024,900)</b>	<b>£904,775</b>	<b>£(775,861)</b>	<b>£(12,895,986)</b>

**A. & J. BULL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31st July 1998****1. Accounting policies****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards, except for the treatment of refinancing costs in note 1(g).

**(b) Basis of consolidation**

The group financial statements consolidate the financial statements of A. & J. Bull (Holdings) Limited and all its subsidiaries for the year ended 31st July 1998. Joint ventures are accounted for under the gross equity method (previously net equity method) whereby the group share of profit is shown as share of operating profit in joint ventures. This is a change in accounting policy and the comparatives have been restated accordingly.

The comparative figures of the company relate to one month's trading during July 1997, although the company was incorporated on 14th January 1997.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the company has not been presented. The profit dealt with in the financial statements of the parent company is £20,453 (1997: £7,900).

**(c) Goodwill**

Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of the net assets acquired, is carried forward and amortised over its useful economic life of 20 years.

**(d) Tangible fixed assets**

Tangible fixed assets are included in the financial statements at cost or valuation. The cost of mineral bearing sites and landfill airspace includes, where applicable, capitalised interest incurred during their development. Mineral bearing sites and landfill airspace are depreciated on the basis of mineral extracted and airspace used respectively. The remaining fixed assets are depreciated over their useful lives by methods considered appropriate to each asset category and at the following rates:

Freehold land	- nil
Freehold buildings	- 2-4% straight line
Leasehold properties	- Over the unexpired year of the lease
Motor vehicles	- 20% to 25% reducing balance
Plant and equipment	- 5% to 33% reducing balance
Fixtures and fittings	- 10% to 25% reducing balance

**(e) Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Long term work in progress includes the relevant proportion of attributable profit less payments on account received and receivable.

**(f) Deferred expenditure**

During landfill operations the group prepares individual cells within the pit. Expenditure incurred on pit preparation not matched with revenue is carried forward and amortised on the basis of the estimated use of airspace.

**A. & J. BULL (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31st July 1998**

**1. Accounting policies (continued)**

**(g) Capital instruments**

Capital instruments are recorded at the fair value of the consideration received less issue costs in accordance with Financial Reporting Standard Number 4 (FRS4). The difference between the net proceeds of the issue and the total amounts of payments that the issuer may be required to make is written off immediately to the profit and loss account, rather than being spread over the life of the loan as required by FRS4. This is a change in accounting policy and comparatives have been restated accordingly.

**(h) Deferred taxation**

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.

No provision has been made for deferred taxation:-

1. In respect of the revaluation of certain fixed assets and taxation recovered on capitalised interest, where the directors do not intend to dispose of the relevant assets in the foreseeable future.
2. In respect of chargeable capital gains rolled over for tax purposes.

**(i) Leasing commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the year of the lease. Rentals in respect of operating leases are charged to the profit and loss account in the year to which they relate.

**(j) Pensions**

The group operates a defined contribution scheme and a defined benefits scheme. The costs for the defined benefit scheme are recognised on a systematic basis so that the costs of providing retirement benefits to employees are matched evenly, as far as possible, to the service lives of the employees concerned. The costs of the defined contribution scheme are recognised in the year in which they are payable.

**(k) Site restoration costs**

The group is obliged to restore its landfill sites on termination of operations. Estimated costs of restoration are provided for in the financial statements.

**2. Turnover**

Turnover represents invoiced sales, net of value added tax, after eliminating intra-group transactions, and excludes the relevant proportion of turnover relating to joint ventures. All turnover and operating profit was generated in the United Kingdom and is derived from the continuing operations of the group.

## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 1998

3. Exceptional items	1998 £
<i>Analysed as Cost of sales:</i>	
Provision for site restoration costs (see note 16)	627,646
Payroll costs	379,500
	<hr/> 1,007,146
<i>Analysed as Administrative expenses:</i>	
Payroll costs	720,500
	<hr/> £1,727,646

Exceptional payroll costs relate to bonuses paid to directors and certain staff members. The exceptional profit on disposal of subsidiary undertaking of £460,419 relates to the sale of John Clements (Builders Merchants) Limited during the year.

4. Operating profit is stated after charging:	1998 £	1997 (1 month) £
Directors' remuneration (note 5)	1,137,100	36,116
Auditors' remuneration - audit services	81,650	8,042
- other services	39,150	5,044
Depreciation of owned assets	1,127,901	92,980
Depreciation of assets held under finance leases and hire purchase contracts	321,710	13,437
Operating leases	323,322	19,894
	<hr/>	<hr/>
5. Directors' remuneration		
Executive remuneration	1,078,750	31,917
Pension scheme contributions	58,350	4,199
	<hr/> £1,137,100	<hr/> £36,116
Highest paid director		
Emoluments	220,000	8,500
Pension scheme contributions	12,960	878
	<hr/> £232,960	<hr/> £9,378

Retirement benefits are accruing to six directors under money purchase schemes and to one director under a defined benefit scheme.

6. Staff costs	£	£
(a) Wages and salaries	4,358,141	457,222
Social security costs	439,002	46,181
Other pension costs	117,988	7,955
	<hr/> £4,915,131	<hr/> £511,358

## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 1998

6.	<b>Staff costs (continued)</b>		
	(b) The average monthly number of employees during the year (including directors) was as follows:	<b>1998 Number</b>	<b>1997 Number</b>
	Direct operatives	202	216
	Management and administration	86	78
		<u>288</u>	<u>294</u>
7.	<b>Interest payable and similar charges</b>	<b>£</b>	<b>£</b>
	Bank loans and overdrafts	1,029,593	96,071
	Finance leases and hire purchase contracts	64,337	4,831
		<u>£1,093,930</u>	<u>£100,902</u>
8.	<b>Taxation</b>	<b>£</b>	<b>£</b>
	UK Corporation tax at 31% (1997: 33%)	278,813	35,689
	Adjustment in respect of previous years	(40,387)	-
	Transfer (from)/to deferred taxation	(205,315)	16,800
	Tax attributable to share of profit of joint ventures	44,092	10,500
		<u>£77,203</u>	<u>£62,989</u>
9.	<b>Intangible asset</b>		<b>Goodwill £</b>
	At 1st August 1997		3,987,317
	Arising during the year		(499)
	Amortisation during the year		(199,366)
	At 31st July 1998		<u>£3,787,452</u>

**A. & J. BULL (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st July 1998

10. **Tangible fixed assets**

**GROUP**

	Land and buildings £	Mineral deposits and airspace rights £	Plant and vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1st August 1997	17,688,370	1,300,000	10,705,672	120,752	29,814,794
Additions	1,491,236	-	1,123,822	14,911	2,629,969
Disposals	(74,417)	-	(1,234,255)	(39,874)	(1,348,546)
At 31st July 1998	<u>19,105,189</u>	<u>1,300,000</u>	<u>10,595,239</u>	<u>95,789</u>	<u>31,096,217</u>
<b>Depreciation</b>					
At 1st August 1997	912,212	-	6,144,565	61,309	7,118,086
Charge for the year	382,177	274	1,052,668	14,492	1,449,611
On disposals	(40,914)	-	(1,044,104)	(24,644)	(1,109,662)
At 31st July 1998	<u>1,253,475</u>	<u>274</u>	<u>6,153,129</u>	<u>51,157</u>	<u>7,458,035</u>
<b>Net book value</b>					
At 31st July 1998	<u>£17,851,714</u>	<u>£1,299,726</u>	<u>£4,442,110</u>	<u>£44,632</u>	<u>£23,638,182</u>
At 31st July 1997	<u>£16,776,158</u>	<u>£1,300,000</u>	<u>£4,561,107</u>	<u>£59,443</u>	<u>£22,696,708</u>

a) Land and buildings comprise:-

	£
Freehold	15,672,898
Leases over 50 years unexpired	160,779
Leases under 50 years unexpired	2,018,037
	<u>£17,851,714</u>

b) The cost of mineral deposits and airspace rights comprises:

	£
Freehold land	426,485
Other rights	873,241
	<u>£1,299,726</u>

c) The net book value of fixed assets includes an amount of £1,649,993 (1997: £ 1,547,474) in respect of assets held under finance leases and hire purchase contracts and depreciation during the year of £321,710 (1997: £13,437)



## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 1998

11. Investments	1998		1997	
	Group £	Company £	Group £	Company £
At 1st August 1997	651,711	13,336,916	-	-
Acquisition of subsidiary	-	-	632,487	-
Disposal of subsidiary	(500)	-	-	-
Additions during the year	-	-	-	13,336,916
Share of movements in reserves of joint ventures	298,842	-	19,224	-
At 31st July 1998	<u>£950,053</u>	<u>£13,336,916</u>	<u>£651,711</u>	<u>£13,336,916</u>
Investments comprise:				
Subsidiary undertaking (note (a))	-	13,336,916	-	13,336,916
Joint ventures (note (b))	949,799	-	651,457	-
Other investment (note (c))	254	-	254	-
	<u>£950,053</u>	<u>£13,336,916</u>	<u>£651,711</u>	<u>£13,336,916</u>

- (a) Details of the subsidiaries in the group which are included in these financial statements, all of which are wholly owned (unless otherwise stated) are as follows:

<i>Name of Company</i>	<i>Principal Activity</i>
A.&J. Bull (Group) Ltd	Intermediate parent company
A. & J. Bull Ltd*	Haulage contractors and merchanting of sand and gravel
A. & J. Bull (Engineering) Ltd*	Group vehicle services
Marco (Croydon) Ltd*	Haulage contractors
A. & J. Bull (Solent) Ltd*	Haulage contractors
A. & J. Bull (Waste Handling and Recycling) Ltd*	Transfer station operators
A. & J. Bull (Southern) Ltd*	Pollution control operators
Goodman Price Demolition Ltd*	Demolition contractors
A. W. Murray Ltd*	Haulage contractors
Parishsound Ltd*	Mineral extraction and land infill
Cranford Realty Ltd*	Rental of land
G B Waste Disposal Ltd*	Dormant
Portslade Transport Services Ltd (60%)*	Dormant
Easywalk Ltd *	Dormant
Marco (Aggregates) Ltd*	Dormant
Grosvenor Demolition Company Ltd*	Dormant
Thomas Brothers (Kingston) Ltd*	Dormant
Sandy Cross Sand Co. Ltd*	Dormant
P. Crate Ltd **	Dormant

\* indirect subsidiaries

\*\* indirect subsidiary incorporated on 3rd February 1997

All of the above subsidiaries are incorporated and registered in England and Wales.  
During the year the entire interest in John Clements (Builders Merchants) Ltd was disposed of.

## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 1998

## 11. Investments (continued)

(b) The group also has 50% interest in the following:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Principal activity</i>
Lidsey Landfill Ltd	Great Britain	Pollution control operators
Marco Aggregates	Unincorporated	Mineral extraction and land infill
Thames Bull Ltd	Great Britain	Dormant

*Information relating to significant joint ventures at 31st July 1998 are as follows:-*

	<i>Year end</i>	<i>Profit for the year after tax £</i>	<i>Total capital and reserves £</i>
Lidsey Landfill Ltd	31.12.97	£527,564	£1,540,560

(c) Other investment represents the group's investment in the ordinary shares of £1 each of Reservoir Aggregates Ltd, an unlisted company.

## 12. Stock

	1998		1997	
	<b>Group £</b>	<b>Company £</b>	<b>Group £</b>	<b>Company £</b>
Building materials and extracted minerals for resale	112,440	-	278,336	-
Vehicles and equipment spares	186,386	-	155,630	-
Work in progress	59,700	-	49,000	-
Fuel and oil	57,863	-	68,333	-
	<u>£416,389</u>	<u>-</u>	<u>£551,299</u>	<u>-</u>

## 13. Debtors

	1998		1997	
	<b>Group £</b>	<b>Company £</b>	<b>Group £</b>	<b>Company £</b>
Trade debtors	6,845,014	-	5,823,181	-
Amounts due from subsidiary undertakings	-	12,652,098	-	12,690,373
Amounts due from joint ventures	781,902	-	879,973	-
Deferred expenditure	1,007,598	-	1,042,586	-
Other debtors	11,332	-	16,467	-
Prepayments and accrued income	469,468	-	344,138	-
	<u>£9,115,314</u>	<u>£12,652,098</u>	<u>£8,106,345</u>	<u>£12,690,373</u>

## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 1998

## 14. Creditors: amounts falling due within one year

	1998		1997	
	Group £	Company £	Group £	Company £
Bank loans (note 15)	1,233,333	1,233,333	900,000	900,000
Bank overdraft (secured)	1,429,303	-	1,477,431	-
Trade creditors	6,154,812	-	5,459,704	-
Amounts due to joint ventures	11,875	-	18,115	-
Obligations under finance leases and hire purchase contracts	575,856	-	595,484	-
Corporation tax	276,312	9,632	274,549	2,100
Other taxes and social security	1,519,802	-	820,384	-
Accruals and deferred income	202,573	5,000	369,733	29,570
	<u>£11,403,866</u>	<u>£1,247,965</u>	<u>£9,915,400</u>	<u>£931,670</u>

## 15. Creditors: amounts falling due after more than one year

	1998		1997	
	Group £	Company £	Group £	Company £
Bank loan	9,258,804	9,258,804	9,600,000	9,600,000
Obligations under finance leases and hire purchase contracts	430,322	-	455,316	-
	<u>£9,689,126</u>	<u>£9,258,804</u>	<u>£10,055,316</u>	<u>£9,600,000</u>

The bank loans are repayable as follows:

	1998		1997	
	Group £	Company £	Group £	Company £
Within one year	1,233,333	1,233,333	900,000	900,000
Between one and two years	1,233,333	1,233,333	900,000	900,000
Between two and five years	6,025,471	6,025,471	4,700,000	4,700,000
In five years or more	2,000,000	2,000,000	4,000,000	4,000,000
Total due for repayment after more than one year	9,258,804	9,258,804	9,600,000	9,600,000
Total bank loans	<u>£10,492,137</u>	<u>£10,492,137</u>	<u>£10,500,000</u>	<u>£10,500,000</u>

A loan balance of £9,600,000 is repayable by varying quarterly instalments extending beyond five years and is secured by a debenture over the assets of the group. A loan balance of £892,137 is repayable by equal instalments falling due between 10th June 1998 to and 9th June 2001 and is secured by a debenture over the assets of the group. The loans carry interest of between 1.5% and 2.5% per annum over Lloyds Bank plc base rate at 31st July 1998.

**A. & J. BULL (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31st July 1998**

15. **Creditors:** amounts falling due after more than one year (continued)

*Obligations under finance leases and hire purchase contracts*

All amounts due under finance leases and hire purchase contracts due after one year will be repayable by instalments as follows:

	1998 £	Group 1997 £
Between one and two years	298,788	401,540
Between two and five years	131,534	53,776
	<u>£430,322</u>	<u>£455,316</u>

These obligations are secured against the assets to which they relate.

16. **Provision for liabilities and charges**

	1998 £	Group 1997 £
Provision for deferred taxation	516,076	725,591
Provision for site restoration costs	627,646	-
	<u>£1,143,722</u>	<u>£725,591</u>

	Deferred taxation £	Site restoration costs £	Total £
At 1st August 1997 as previously reported	867,011	-	867,011
Previously reported			
Prior year adjustment (note 19)	(141,420)	-	(141,420)
	<u>725,591</u>	<u>-</u>	<u>725,591</u>
Balance at 1st August 1997 as restated			
Transfer (to)/from profit and loss account	(205,315)	627,646	422,331
Eliminated on disposal of subsidiary undertaking	(4,200)	-	4,200
	<u>£516,076</u>	<u>£627,646</u>	<u>£1,143,722</u>
At 31st July 1998			

**A. & J. BULL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31st July 1998****16. Provision for liabilities and charges (continued)**

The deferred taxation provision, together with the full potential liability for all timing differences is made up as follows:-

	<b>Group</b>	
	<b>Provided</b>	<b>Potential</b>
	<b>£</b>	<b>£</b>
Capital allowances in excess of depreciation	688,732	688,732
Deferred pit expenditure	21,914	21,914
Tax on capitalised interest	-	313,400
Capital gains roll-over relief	-	1,163,800
Revaluation surplus	-	709,400
Other timing differences	(194,570)	(194,570)
	<u>£516,076</u>	<u>£2,702,676</u>

**17. Share capital**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Authorised, called up and fully paid</b>		
<b>Equity</b>		
3,982,500 ordinary shares of £1 each	3,982,500	3,982,500
2,655,000 "A" ordinary shares of £1 each	2,655,000	2,655,000
	<u>6,637,500</u>	<u>6,637,500</u>
<b>Non-equity</b>		
5,745,000 "A" preference shares of £0.01p each	57,450	57,450
3,382,500 "B" preference shares of £0.01p each	33,825	33,825
	<u>91,275</u>	<u>91,275</u>
	<u>£6,728,775</u>	<u>£6,728,775</u>

**Rights of shares:**

(i) Rights to dividends per share	Up to 31st July 1998	1.8.98 to 31.7.00	1.8.00 to 31.7.01	From 31.7.01
'A' Preference shares	Nil	4p	5p	7p
'B' Preference shares	Nil	4p	5p	7p
'A' Ordinary shares	Nil	4p	5p	7p
Ordinary shares	Nil	4p	5p	7p

From 1st August 2002 the 'A' ordinary shares and the ordinary shares will attract a further dividend which when added to the fixed dividend will equal 10% of the profit.

## A. &amp; J. BULL (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 1998

## 17. Share capital (continued)

	'A' Preference Shares	'B' Preference Shares
(ii) Priority on winding up	1st	2nd
(iii) Amounts receivable on winding up	All monies due	All monies due
(iv) Voting rights	None	None
(v) The 'A' Preference shares are redeemable as follows:	No. of shares	
31 July 2007		1,436,250
31 July 2008		1,436,250
31 July 2009		1,436,250
31 July 2010		1,436,250
		<u>£5,745,000</u>

## 18. Reconciliation of movements in shareholders' funds

Group	Share capital £	Share premium account £	Profit and loss account £	Total £
At 1st August 1997 as previously reported	6,728,775	8,725,117	142,467	15,596,359
Prior year adjustment (note 19)	-	-	(295,955)	(295,955)
Balance at 1st August 1997 as restated	6,728,775	8,725,117	(153,488)	15,300,404
Profit for the year	-	-	401,904	401,904
At 31st July 1998	<u>£6,728,775</u>	<u>£8,725,117</u>	<u>£248,416</u>	<u>£15,702,308</u>
Company				
At 1st August 1997	6,728,775	8,758,944	7,900	15,495,619
Issue costs	-	(33,827)	-	(33,827)
Profit for the year	-	-	20,453	20,453
At 31st July 1998	<u>£6,728,775</u>	<u>£8,725,117</u>	<u>£28,353</u>	<u>£15,482,245</u>

*Issue costs*

The issue costs arising in the year relate to additional expenses incurred in connection with the issue of new shares in 1997.

**A. & J. BULL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31st July 1998****19 Prior year adjustment**

Refinancing costs are now written off to the profit and loss account as incurred. The effect of this change in accounting policy is to increase the profit for the year by £42,279 and reducing net assets as at 31st July 1998 by £253,676.

**20. Contingent liabilities**

- (a) The company has entered into unlimited cross-guarantees with its banker relating to the borrowings of other group companies. At 31st July 1998 the bank borrowings of other group companies amounted to £11,921,440 (1997: £11,977,431).
- (b) Marco (Aggregates) Limited has a contingent liability to meet extraordinary calls by the Sand and Gravel Association Guarantee Fund should a claim be made on the Fund. No such claims have been notified to the Fund at the balance sheet date.
- (c) Parishsound Limited has a contingent liability if its freehold land is sold for more than £400,000 within 80 years, or its rental income exceeds £400,000. If the land is sold for £3.5 million the group is required to pay £387,500.

**21. Financial commitments**

At 31st July 1998, the group had annual commitments made under non-cancellable operating leases as set out below:-

	<b>1998</b>	<b>1998</b>	<b>1997</b>	<b>1997</b>
	<b>Land and</b>	<b>Other</b>	<b>Land and</b>	<b>Other</b>
	<b>buildings</b>		<b>buildings</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Leases expiring:				
- within one year	-	-	21,000	-
- between two and five years	46,650	140,330	-	2,048
- over five years	175,500	-	222,150	-
	<u>£222,150</u>	<u>£140,330</u>	<u>£243,150</u>	<u>£2,048</u>

The group is also committed to make royalty payments in respect of waste deposited at certain of its landfill sites in proportion to the tonnage of waste deposited.

**22. Capital commitments**

As at 31st July 1998, capital expenditure contracted but not provided in these financial statements amounted to £1,170,000 (1997: £665,000)

**A. & J. BULL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31st July 1998****23. Pension commitments**

The group operates a defined benefits pension scheme for its senior employees based upon final pensionable earnings. The assets of the scheme are held separately from those of the group and are invested with an insurance company.

Employer's contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method. The pension charge for the year was £87,131 (1997: £7,955).

The most recent actuarial valuation was as at 1st April 1996. This showed that the market value of the scheme's assets was £574,000 and that the actuarial value of those assets represented 107% of the benefits that had accrued to members, after allowing for expected future increase in earnings. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that investment returns would be 9% per annum and the salary increases would average 8%.

The Group also operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

**24. Ultimate and immediate parent companies**

The directors consider the ultimate parent company to be Groupe Fabricom S.A. a company incorporated in Belgium.

Copies of the financial statements of the ultimate parent company are available from the registered office of Group Fabricom S.A. at Rue Gatti de Gamond 254, B-1180 Brussels, Belgium.

United Waste Services Limited is regarded as the immediate parent company as it owns 100% of the ordinary share capital of A & J Bull (Holdings) Limited.

The directors consider the controlling party to be Tractebel S.A., which at 31st July 1998 held a majority shareholding in Groupe Fabricom S.A.

**25. Related party transactions**

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 ("related party disclosures") not to disclose transactions with other group companies.