

Brett Asphalt Limited

(Company Registered Number 533235)

Directors

T.W. Brett
S.R. Brett
J.S. Peer
P.B. Woolnough
D.A. Ingram

Secretary and Registered Office

P.B. Woolnough
St Paul's House, Warwick Lane, London, EC4P 4BN

Auditors

Moore Stephens
Chartered Accountants
St Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31st December 1995.

Activities and Review of Developments

The company continued to manufacture hot asphalt, trade in construction aggregates and carry on a small shipping agency business. From September 1995 it operated an additional asphalt plant at Ridham Dock.

Results and Dividends

The profit for the financial year before taxation amounted to £89,388 and it is recommended that this amount less taxation be transferred to reserves. The directors do not recommend the payment of a dividend for the year.

Directors

Interests in the Company

No director had any interest, as defined by the Companies Act 1985, in the share capital of the company at any time during the year ended 31st December 1995. Mr. J.S. Peer, Mr. P.B. Woolnough and Mr. D.A. Ingram had no interests in the group in the year, and the details of the other directors' interests in the group are given in the financial statements of the ultimate holding company.

Retirement of Directors

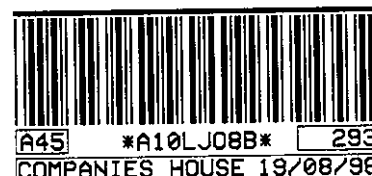
In accordance with the Articles of Association, none of the directors is required to retire.

Annual General Meeting

An elective resolution was passed at the Annual General Meeting on 16th September 1993 dispensing with the holding of annual general meetings in 1994 and subsequent years, the laying of accounts and reports thereat for the current financial year and all subsequent financial years, and the annual appointment of auditors.

By Order of the Board

P.B. Woolnough
Secretary



Report of the Auditors to the Directors of Brett Asphalt Limited

pursuant to paragraph 8 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated accounts on pages 3 to 9 together with the full financial statements of Brett Asphalt Limited for the year ended 31st December 1995. The scope of our work for the purpose of this report was limited to confirming that the directors are entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the directors are entitled under Section B of Part III of Schedule 8 of the Companies Act 1985 to deliver abbreviated accounts in respect of the year ended 31st December 1995, and the abbreviated accounts on pages 3 to 9 have been properly prepared in accordance with Schedule 8 to that Act.

On 10th July 1996 we reported as auditors of Brett Asphalt Limited to the members on the full financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 31st December 1995, and our report was as follows:—

"We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out in note 1 on page 5.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 affairs of the company as at 31st December 1995 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985."

St Paul's House,
London, EC4P 4BN

10th July 1996


MOORE STEPHENS

Chartered Accountants
and Registered Auditor

Brett Asphalt Limited

Profit and Loss Account

For the year ended 31st December 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
Gross profit		992,635	875,950
Other operating income		45,586	71,993
		<hr/>	<hr/>
		1,038,221	947,943
Operating expenses	2	949,320	862,786
		<hr/>	<hr/>
		88,901	85,157
Interest receivable		487	—
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	89,388	85,157
Taxation on ordinary activities	5	30,702	29,472
		<hr/>	<hr/>
Profit on ordinary activities after taxation		£ 58,686	£ 55,685
		<hr/>	<hr/>

There were no recognised gains or losses for the year other than those included in the Profit and Loss Account.

Summary of Retained Profits

At 1st January 1995		1,711,214	1,655,529
Profit for the financial year		58,686	55,685
		<hr/>	<hr/>
At 31st December 1995		£ 1,769,900	£ 1,711,214
		<hr/>	<hr/>

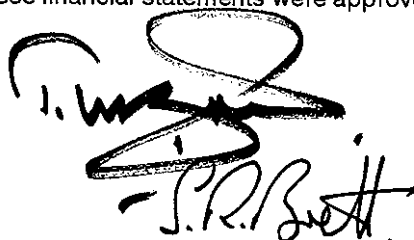
Brett Asphalt Limited

Balance Sheet at 31st December 1995

	Note	1995	1994
Fixed Assets			
Tangible assets	6	1,589,415	175,929
Current Assets			
Stocks	7	232,947	122,807
Debtors	8	1,539,474	2,454,378
Cash at bank and in hand		4,942	94,483
		1,777,363	2,671,668
Creditors, amounts falling due within one year	9	1,501,415	1,123,175
Net Current Assets		275,948	1,548,493
Total Assets less Current Liabilities		1,865,363	1,724,422
Provision for Liabilities and Charges	10	85,463	3,208
		£ 1,779,900	£ 1,721,214
Capital and Reserves			
Called up share capital	11	10,000	10,000
Profit and loss account		1,769,900	1,711,214
Equity Shareholders' Funds		£ 1,779,900	£ 1,721,214

The directors have relied upon the exemptions for individual accounts under Section B of Part III of Schedule 8 of the Companies Act 1985 and have done so on the grounds that the company is entitled to the benefit of this Section as a medium sized company.

These financial statements were approved by the Board on 10th July 1996



T.W. BRETT)
S.R. BRETT) Directors

Brett Asphalt Limited

Financial Statements for the year ended 31st December 1995

Notes

1. Principal Accounting Policies

(a) Basis of accounting

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

(b) Accounting Policies

The accounting policies adopted in the preparation of these financial statements are set out below:

- (i) Depreciation has been provided generally on a straight line basis to write off the cost over the anticipated life of the assets involved. The rates of depreciation used are 20% on short leasehold property, 10% – 33 1/3% on plant and motor vehicles other than motor cars, and 30% on motor cars (to a residual value of 10%).
- (ii) Operating lease costs of leased assets are charged to profit and loss account as they are incurred.
- (iii) Stocks of raw materials and consumables have been valued at the lower of cost and net realisable value.
- (iv) Specific provision is made for all debts considered by the directors to be bad or doubtful. In addition a general provision is made to cover latent bad and doubtful debts which have not been specifically identified. Provisions made during the year (less amounts released and recoveries of debts previously written off) are charged against operating profit.
- (v) Provision is made at current rates for taxation deferred by reason of accelerated tax allowances granted on fixed assets in excess of the corresponding depreciation charged in the financial statements and on other short term timing differences.

2. Operating Expenses

	<u>1995</u>	<u>1994</u>
Staff costs (note 4)	471,499	404,773
Depreciation and other amounts written off tangible fixed assets	186,076	167,582
Other operating charges	291,745	290,431
	<hr/>	<hr/>
	£ 949,320	£ 862,786
	<hr/>	<hr/>

Brett Asphalt Limited

Financial Statements for the year ended 31st December 1995

Notes (continued)

3. Profit on Ordinary Activities before Taxation	<u>1995</u>	<u>1994</u>
Profit on ordinary activities before taxation	£	£
is stated after charging/(crediting):		
Depreciation and amounts written off assets:		
Depreciation of tangible fixed assets	188,767	170,387
(Profit) on disposal of tangible fixed assets	(2,691)	(2,805)
Total amounts written off fixed assets	186,076	167,582
Plant hire	44,060	26,163
Operating lease rentals, land and buildings	75,505	60,670
Auditors' remuneration	5,200	5,200
Directors' emoluments (note 4)	10,000	10,000
	<u> </u>	<u> </u>
 4. Directors and Employees	 <u>1995</u>	 <u>1994</u>
Directors' emoluments		
Staff costs include the following emoluments		
in respect of directors of the company:		
Fees	Nil	Nil
Other emoluments, including pension contributions	£ 10,000	£ 10,000
	<u> </u>	<u> </u>
Directors' emoluments, excluding pension contributions:		
Chairman	Nil	Nil
Highest paid director	£ 10,000	£ 10,000
	<u> </u>	<u> </u>
The number of other directors whose emoluments		
were within the following range was:	<u>Number</u>	<u>Number</u>
£ Nil – £5,000	3	3
	<u> </u>	<u> </u>
 Staff costs		
Staff costs during the year were as follows		
Wages and salaries	407,087	347,576
Social security costs	35,922	30,820
Other pension costs	28,490	26,377
	<u> </u>	<u> </u>
	£ 471,499	£ 404,773
	<u> </u>	<u> </u>
 The average weekly number of persons employed		
by the company during the year was	<u>Number</u>	<u>Number</u>
Production	10	8
Administration	13	10
	<u> </u>	<u> </u>
	23	18
	<u> </u>	<u> </u>

Brett Asphalt Limited

Financial Statements for the year ended 31st December 1995

Notes (continued)

5. Taxation on Ordinary Activities

	<u>1995</u>	<u>1994</u>
United Kingdom corporation tax based on the result for the year at an effective rate of 33% (1994 – 33%):	(49,887)	66,852
Deferred taxation: transfer for year	82,255	(37,380)
	<u>32,368</u>	<u>29,472</u>
Adjustments in respect of prior years:		
Corporation tax	(1,666)	–
	<u>£ 30,702</u>	<u>£ 29,472</u>

6. Tangible Fixed Assets

	Short Leasehold Land and Buildings	Plant, Machinery, Vehicles and Equipment	Total
Cost			
At 1st January 1995	–	1,770,626	1,770,626
Transfers in	–	11,225	11,225
Additions	28,182	1,569,123	1,597,305
Disposals	–	(113,980)	(113,980)
At 31st December 1995	£ <u>28,182</u>	£ <u>3,236,994</u>	£ <u>3,265,176</u>
Depreciation			
At 1st January 1995	–	1,594,697	1,594,697
Transfers in	–	4,393	4,393
Charge for year	1,854	186,913	188,767
Disposals	–	(112,096)	(112,096)
At 31st December 1995	£ <u>1,854</u>	£ <u>1,673,907</u>	£ <u>1,675,761</u>
Net book value			
At 1st January 1995	£ <u>–</u>	£ <u>175,929</u>	£ <u>175,929</u>
At 31st December 1995	£ <u>26,328</u>	£ <u>1,563,087</u>	£ <u>1,589,415</u>

7. Stocks

Stocks comprise raw materials and consumables

Brett Asphalt Limited

Financial Statements for the year ended 31st December 1995

Notes (continued)

8. Debtors	1995	1994
Amounts falling due within one year		
Trade debtors	896,988	568,082
Owed by parent company	368,760	181,494
Owed by fellow subsidiary companies	23,231	—
Other debtors	388	—
Prepayments and accrued income	14,153	17,054
	<hr/>	<hr/>
	1,303,520	766,630
Amounts falling due after more than one year		
Owed by ultimate holding company	235,954	1,687,748
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	£ 1,539,474	£ 2,454,378
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9. Creditors	1995	1994
Amounts falling due within one year		
Trade creditors	858,770	550,756
Owed to ultimate holding company	117,227	114,376
Owed to fellow subsidiary companies	41,312	28,834
Corporation tax	—	66,844
Other creditors including taxation and social security	112,036	47,507
Accruals and deferred income	372,070	314,858
	<hr/>	<hr/>
	£ 1,501,415	£ 1,123,175
	<hr/>	<hr/>

10. Provision for Liabilities and Charges	1995	1994
Deferred taxation		
At 1st January 1995	3,208	40,588
Transfers to profit and loss account	82,255	(37,380)
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At 31st December 1995	£ 85,463	£ 3,208
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11. Called Up Share Capital	1995	1994
Authorised, allotted, called up and fully paid		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
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Brett Asphalt Limited

Financial Statements for the year ended 31st December 1995

Notes (continued)

12. Contingent Liabilities

At 26th January 1994 the company, its ultimate holding company and fellow subsidiary companies using the same banker agreed an omnibus letter of set-off providing that the bank has the right at any time and without notice to consolidate all or any of the bank accounts with all or any of the companies' liabilities to the bank.

13. Commitments

Capital Commitments

	<u>1995</u>	<u>1994</u>
Contracted for, but not provided	£ 87,612	£ 33,000
Authorised, but not contracted for	£ 14,750	£ —

Operating Lease Commitments – Land and Buildings

Annual commitment under non cancellable operating leases

Expiring after more than five years	£ 75,505	£ 64,550
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There are no other operating lease commitments.

14. Pension Scheme

The company's eligible employees are members of a pension scheme operating within the Brett Group which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company in a trustee administered fund.

Contributions to the scheme are determined by a qualified actuary on the basis of a triennial valuation and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives in the company. Any actuarial surplus is spread over the average remaining service life of current employees by reductions made in the annual contributions to the scheme. The total pension cost for the year was £28,490 (1994 – £26,377).

The most recent valuation was at 15th June 1995 which showed that the scheme's assets fully covered its liabilities on that date. The particulars of the actuarial valuation are disclosed in the financial statements of the ultimate holding company.

15. Ultimate Holding Company

In the opinion of the directors the ultimate holding company at 31st December 1995 was Robert Brett & Sons Limited, and the parent company was Brett Construction Limited, both companies incorporated in Great Britain. The results of the company are consolidated in the group accounts prepared by both the parent and the ultimate holding companies.