

Brett Marine Aggregates Limited

(Company Registered Number 834628)

Directors

T.W. Brett
S.R. Brett
S.J. Russell
M.R. Drury
P.B. Woolnough



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 1997.

Activities and Review of Developments

The company continues to process and distribute sea dredged aggregates.

Results and Dividends

The profit for the financial year before taxation amounted to £140,969 and it is recommended that this amount less taxation be deducted from accumulated losses. 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 1997. Mr. J.S. Peer, Mr S.J Russell, Mr. P.B. Woolnough and Mr. M.R.Drury 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.

Changes and Retirement of Directors

Mr J.S. Peer retired as a director on 18th August 1997 and Mr S.J. Russell was appointed a director the same day. 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

Auditors' Report to
Brett Marine Aggregates Limited

Under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 3 to 9 together with the financial statements of the company for the year ended 31st December 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 9 are properly prepared in accordance with that provision.

St Paul's House,
London, EC4P 4BN

30th July 1998

Moore Stephens

MOORE STEPHENS

Chartered Accountants
and Registered Auditor

Brett Marine Aggregates Limited

Profit and Loss Account

For the year ended 31st December 1997

	Note	1997	1996
Gross profit		1,085,276	931,890
Other operating income		11,129	17,173
		1,096,405	949,063
Operating expenses	2	955,788	860,322
Operating profit		140,617	88,741
Interest receivable		352	-
Profit on ordinary activities before taxation	3	140,969	88,741
Taxation on ordinary activities	5	39,393	30,845
Profit for the financial year		£ 101,576	£ 57,896

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

Summary of Accumulated Losses

At 1st January 1997	(405,474)	(463,370)
Profit for the financial year	101,576	57,896
At 31st December 1997	£ (303,898)	£ (405,474)

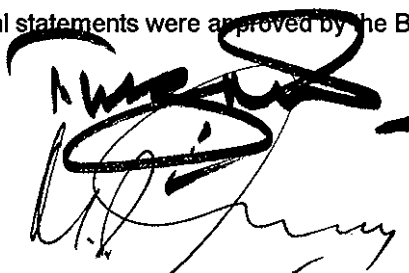
Brett Marine Aggregates Limited

Balance Sheet - 31st December 1997

	Note	1997	1996
Fixed Assets			
Tangible assets	6	632,817	733,237
Current Assets			
Stocks	7	535,431	497,938
Debtors	8	1,743,998	1,568,013
Cash at bank and in hand		98,318	200
		2,377,747	2,066,151
Creditors, amounts falling due within one year	9	1,351,011	1,199,995
Net Current Assets		1,026,736	866,156
Total Assets less Current Liabilities		1,659,553	1,599,393
Provision for liabilities and charges	10	86,748	128,164
		£ 1,572,805	£ 1,471,229
Capital and Reserves			
Called up share capital	11	1,565,120	1,565,120
Share premium account		311,583	311,583
Profit and loss account		(303,898)	(405,474)
Shareholders' Funds		£ 1,572,805	£ 1,471,229
Shareholders' funds are attributable to:			
Equity shareholders' funds		507,785	406,209
Non-equity shareholders' funds		1,065,020	1,065,020
		£ 1,572,805	£ 1,471,229

The company has prepared its accounts in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies.

These financial statements were approved by the Board on 30th July 1998



T.W. BRETT)
) Directors
 M.R. DRURY)

Brett Marine Aggregates Limited

Financial Statements for the year ended 31st December 1997

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 4% on buildings, 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, consumables and finished goods have been valued at the lower of cost and net realisable value. The cost of finished goods includes related production overheads.
- (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

	1997	1996
Staff costs (note 4)	409,158	371,619
Depreciation and other amounts written off tangible fixed assets	193,472	200,331
Other operating charges	353,158	288,372
	<hr/>	<hr/>
	£ 955,788	£ 860,322
	<hr/>	<hr/>

3. Profit on Ordinary Activities before Taxation

	1997	1996
Profit on ordinary activities before taxation	£	£
is stated after charging/(crediting):		
Depreciation and amounts written off fixed assets		
Depreciation of tangible fixed assets	199,472	200,331
(Profit) on disposal of tangible fixed assets	(6,000)	-
Total amounts written off fixed assets	193,472	200,331
Plant hire	91,208	79,008
Operating lease rental, land	50,000	50,000
Auditors' remuneration	4,164	4,164
	<hr/>	<hr/>

Brett Marine Aggregates Limited

Financial Statements for the year ended 31st December 1997

Notes (continued)

4. Directors and Employees

Directors' Emoluments

None of the directors received any remuneration for services to the company in the year (1996 - £ Nil).

Staff Costs

Staff costs during the year were as follows:

	<u>1997</u>	<u>1996</u>
Wages and salaries	355,206	319,907
Social security costs	33,872	30,270
Other pension costs	20,080	21,442
	<hr/>	<hr/>
£	409,158	£ 371,619
	<hr/>	<hr/>

The average weekly number of persons employed by the company during the year was:

	<u>Number</u>	<u>Number</u>
Production	13	13
Administration	<u>3</u>	<u>3</u>
	16	16
	<hr/>	<hr/>

5. Taxation on Ordinary Activities

United Kingdom corporation tax based on the result for the year at an effective rate of 31.5% (1996 - 33%)

Deferred taxation: transfer for year

	<u>1997</u>	<u>1996</u>
	80,809	62,555
	(32,718)	(29,309)
	<hr/>	<hr/>
	48,091	33,246
Adjustments in respect of prior years:		
Corporation tax	-	(2,401)
Deferred taxation	(8,698)	-
	<hr/>	<hr/>
£	39,393	£ 30,845
	<hr/>	<hr/>

Brett Marine Aggregates Limited

Financial Statements for the year ended 31st December 1997

Notes (continued)

6. Tangible Fixed Assets	Short Leasehold Buildings	Plant, Vehicles and Equipment	Total
Cost			
At 1st January 1997	9,085	2,356,758	2,365,843
Transfers in	-	113,203	113,203
Additions	-	97,891	97,891
Disposals	-	(113,979)	(113,979)
Transfers out	-	(73,200)	(73,200)
At 31st December 1997	<u>£ 9,085</u>	<u>£ 2,380,673</u>	<u>£ 2,389,758</u>
Depreciation			
At 1st January 1997	4,717	1,627,889	1,632,606
Transfers in	-	111,064	111,064
Charge for year	364	199,108	199,472
Disposals	-	(113,979)	(113,979)
Transfers out	-	(72,222)	(72,222)
At 31st December 1997	<u>£ 5,081</u>	<u>£ 1,751,860</u>	<u>£ 1,756,941</u>
Net book value			
At 1st January 1997	<u>£ 4,368</u>	<u>£ 728,869</u>	<u>£ 733,237</u>
At 31st December 1997	<u>£ 4,004</u>	<u>£ 628,813</u>	<u>£ 632,817</u>
7. Stocks		<u>1997</u>	<u>1996</u>
Stocks comprise:			
Raw materials and consumables		184,126	135,766
Finished goods		351,305	362,172
		<u>£ 535,431</u>	<u>£ 497,938</u>
8. Debtors		<u>1997</u>	<u>1996</u>
Amounts falling due within one year			
Trade debtors		513,510	425,722
Owed by fellow subsidiary companies		506,078	494,031
Other debtors		78,170	97,331
Prepayments and accrued income		37,316	36,173
		<u>1,135,074</u>	<u>1,053,257</u>
Amounts falling due after more than one year			
Owed by ultimate holding company		608,924	514,756
		<u>£ 1,743,998</u>	<u>£ 1,568,013</u>

Brett Marine Aggregates Limited

Financial Statements for the year ended 31st December 1997

Notes (continued)

9. Creditors	1997	1996
Amounts falling due within one year		
Trade creditors	407,256	314,428
Owed to ultimate holding company	6,525	7,954
Owed to fellow subsidiary companies	23,734	1,557
Owed to associated company	530,702	518,602
Bank overdraft	-	4,355
Corporation tax	80,364	62,555
Other creditors including taxation and social security	174	170
Accruals and deferred income	302,256	290,374
	<hr/>	<hr/>
	£ 1,351,011	£ 1,199,995
	<hr/>	<hr/>
 10. Provision for Liabilities and Charges	 1997	 1996
Deferred taxation		
At 1st January 1997	128,164	157,473
Transfer to profit and loss account	(41,416)	(29,309)
	<hr/>	<hr/>
At 31st December 1997	£ 86,748	£ 128,164
	<hr/>	<hr/>
 11. Called Up Share Capital	 1997	 1996
Authorised		
Equity share capital		
500,100 ordinary shares of £1 each	500,100	500,100
Non-equity share capital		
1,165,020 7.5% participating preference shares of £1 each	1,165,020	1,165,020
	<hr/>	<hr/>
	£ 1,665,120	£ 1,665,120
	<hr/>	<hr/>
Allotted, called up and fully paid		
Equity share capital		
500,100 ordinary shares of £1 each	500,100	500,100
Non-equity share capital		
1,065,020 7.5% participating preference shares of £1 each	1,065,020	1,065,020
	<hr/>	<hr/>
	£ 1,565,120	£ 1,565,120
	<hr/>	<hr/>

The rights of the participating preference shares are identical to those of the ordinary shares except that any dividends declared shall first be applied in paying the cumulative sum due on the preference shares, and any surplus on a winding up shall first be applied to the paid up value of the preference shares plus any arrears in the accumulated preference dividend, and secondly in repaying the ordinary paid up shares. Thereafter classes of shares rank pari passu in dividends and distribution of surplus assets.

Brett Marine Aggregates Limited

Financial Statements for the year ended 31st December 1997

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

There were no capital commitments outstanding at either 31st December 1997 or 1996.

Operating Lease Commitments - Land

	<u>1997</u>		<u>1996</u>
Annual commitment under non cancellable operating lease expiring after more than five years	£ 50,000	£	50,000

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 £20,080 (1996 - £21,442).

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. Related Party Disclosures

In the opinion of the directors, the company qualifies and has therefore taken advantage of the exemptions available under paragraph 3(c) of the Financial Reporting Standard 8 in respect of related party disclosures.

16. Ultimate Holding Company

In the opinion of the directors, the ultimate holding company at 31st December 1997 was Robert Brett and Sons Limited, a company incorporated in Great Britain.