

CHAP QUARRIES (ABERDEEN) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

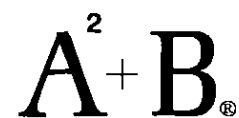
FOR THE YEAR ENDED 31 MARCH 2010

WEDNESDAY



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COMPANIES HOUSE

CHAP QUARRIES (ABERDEEN) LIMITED



COMPANY INFORMATION

DIRECTORS

A S Craigie
C D Mathers
V Kirk
W S Burr
G Kinghorn

COMPANY SECRETARY

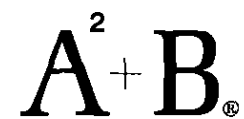
M McHardy

COMPANY NUMBER

SC072612

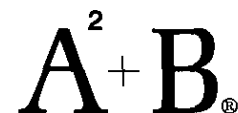
REGISTERED OFFICE

Enterprise Drive
Westhill Industrial Estate
Westhill
Aberdeenshire



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The directors present their report and the financial statements for the year ended 31 March 2010.

DIRECTORS

The directors who served during the year were:

A S Craigie
C D Mathers
V Kirk
W S Burr
G Kinghorn

RESULTS

The profit for the year, after taxation, amounted to £10,268 (2009 - £46,917).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is quarrying. The company is part of the CHAP group and provides quarry products throughout Scotland.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors are not satisfied with the results for the year which reflect an overall fall in demand in line with activity levels in the construction industry. The company continues to invest in plant and machinery with a number of smaller additions in the current year.

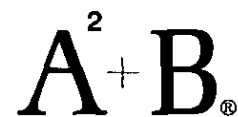
PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure has increased in all areas of the construction industry.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.



AUDITORS

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

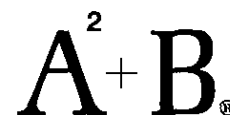
This report was approved by the board and signed on its behalf.

A handwritten signature in cursive script, appearing to read 'Graeme Kinghorn', written over a dotted line.

G Kinghorn
Director

Date: 14th October 2010

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2010**



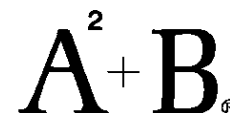
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHAP QUARRIES (ABERDEEN) LIMITED**



We have audited the financial statements of CHAP Quarries (Aberdeen) Limited for the year ended 31 March 2010, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

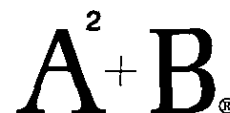
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHAP QUARRIES (ABERDEEN) LIMITED



MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Anderson Anderson - Brown LLP

Michael R Brown (Senior statutory auditor)

for and on behalf of

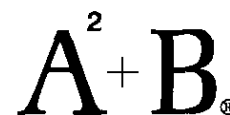
ANDERSON ANDERSON & BROWN LLP

Statutory Auditor

9 Queens Road
Aberdeen
AB15 4YL

Date: *14 OCTOBER 2010*

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**



	Note	2010 £	2009 £
TURNOVER	2	1,549,862	1,907,096
Cost of sales		<u>(1,305,309)</u>	<u>(1,564,423)</u>
GROSS PROFIT	3	244,553	342,673
Administrative expenses		(237,190)	(291,219)
Other operating income		<u>21,829</u>	<u>20,210</u>
OPERATING PROFIT	3	29,192	71,664
Interest receivable		6	92
Interest payable	6	<u>(8,853)</u>	<u>(7,924)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		20,345	63,832
Tax on profit on ordinary activities	7	<u>(10,077)</u>	<u>(16,915)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>£ 10,268</u>	<u>£ 46,917</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible fixed assets	8		370,047		563,274
CURRENT ASSETS					
Stocks	9	189,093		211,589	
Debtors	10	554,435		317,280	
Cash at bank		183,475		253,253	
		<u>927,003</u>		<u>782,122</u>	
CREDITORS: amounts falling due within one year	11	<u>(317,398)</u>		<u>(305,576)</u>	
NET CURRENT ASSETS			609,605		476,546
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>979,652</u>		<u>1,039,820</u>
CREDITORS: amounts falling due after more than one year	13		(87,983)		(152,742)
PROVISIONS FOR LIABILITIES					
Deferred tax	14	-		(23,677)	
Reinstatement provision	15	<u>(199,367)</u>		<u>(181,367)</u>	
			<u>(199,367)</u>		<u>(205,044)</u>
NET ASSETS			<u>£ 692,302</u>		<u>£ 682,034</u>
CAPITAL AND RESERVES					
Called up share capital	16		100		100
Profit and loss account			<u>692,202</u>		<u>681,934</u>
SHAREHOLDERS' FUNDS	17		<u>£ 692,302</u>		<u>£ 682,034</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Graeme Kinghorn

G Kinghorn
Director

Date: 14th October 2010

The notes on pages 8 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Related party transactions

The company is a wholly owned subsidiary and has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with other group companies.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	10-20% straight line
Plant & equipment	10-50% straight line
Motor vehicles	20-25% straight line

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Reinstatement of land

Provision is made for the reinstatement of land by apportioning the estimated cost over the expected useful life of the quarry.

1.6 Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have been originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in the period which are different from those recognised in the financial statements. Deferred tax has been measured on a non-discounted basis.

1. ACCOUNTING POLICIES (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Pensions

There are three types of pension schemes which are operated by the parent company.

There is a defined benefits scheme which is based on pensionable salary at 5 April 2003. The scheme is closed to new members and the link to future salary accrual has been broken. The parent company continues to provide funds as requested by the actuary.

The group money purchase pension schemes have been discontinued and are in the process of being wound up by the Trustees.

Contributions to the group personal pension plan are charged to the profit and loss account as they fall payable in accordance with the rules of the scheme.

The company participates in all pension schemes operated by the parent company on behalf of all participating employees. The assets of the schemes are independent of the company. Details of the scheme are contained in the accounts of the parent company.

2. TURNOVER

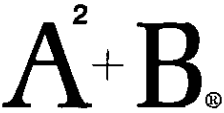
The whole of the turnover is attributable to quarrying.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2010	2009
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	172,394	173,664
- held under hire purchase agreements	44,208	31,066
Auditors' remuneration	6,500	5,950
Gain on sale of fixed assets	(1,400)	(22,875)
	<u> </u>	<u> </u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

4. STAFF COSTS

The company did not have any employees during the year other than the directors. Other group companies raised charges on the company for labour provided.

5. DIRECTORS' REMUNERATION

Total remuneration was paid by the holding company. The directors do not believe that it is practicable to apportion these amounts between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

One of the directors is also a director of a fellow subsidiary receiving total remuneration of £76,364 (2009 - £79,722) for their services in that capacity. The other director, who is not a director of the holding company received a total remuneration of £73,933 (2009 - £77,279).

The remaining three directors of the company are also directors of the holding company receiving total remuneration for the year of £294,910 (2009 - £335,016).

Contributions have been made by the company to a defined contribution scheme in respect of four directors.

6. INTEREST PAYABLE

	2010	2009
	£	£
Bank interest	-	2
On finance leases and hire purchase contracts	8,853	7,922
	<u>8,853</u>	<u>7,924</u>
	<u>£ 8,853</u>	<u>£ 7,924</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

7. TAXATION

	2010 £	2009 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	33,113	33,249
Adjustments in respect of prior periods	(1,026)	-
	<u>32,087</u>	<u>33,249</u>
Group taxation relief	1,667	-
	<u>33,754</u>	<u>33,249</u>
Deferred tax		
Origination and reversal of timing differences	(24,636)	(16,334)
Adjustments in respect of prior periods	959	-
	<u>(23,677)</u>	<u>(16,334)</u>
Tax on profit on ordinary activities	<u>£ 10,077</u>	<u>£ 16,915</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	<u>£ 20,345</u>	<u>£ 63,832</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	5,697	17,873
Effects of:		
Expenses not deductible for tax purposes	-	182
Depreciation in excess of capital allowances	30,465	-
Other differences	200	(1,140)
Adjustments to tax charge in respect of prior periods	(1,026)	-
Movement in deferred tax recognised	-	16,334
Marginal relief	(1,582)	-
	<u>£ 33,754</u>	<u>£ 33,249</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

8. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2009	189,828	2,089,048	169,970	2,448,846
Additions	-	23,375	-	23,375
Disposals	-	(24,503)	-	(24,503)
At 31 March 2010	<u>189,828</u>	<u>2,087,920</u>	<u>169,970</u>	<u>2,447,718</u>
Depreciation				
At 1 April 2009	138,583	1,590,732	156,257	1,885,572
Charge for the year	12,760	190,554	13,288	216,602
On disposals	-	(24,503)	-	(24,503)
At 31 March 2010	<u>151,343</u>	<u>1,756,783</u>	<u>169,545</u>	<u>2,077,671</u>
Net book value				
At 31 March 2010	£ 38,485	£ 331,137	£ 425	£ 370,047
At 31 March 2009	£ 51,245	£ 498,316	£ 13,713	£ 563,274

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2010 £	2009 £
Plant and machinery	£ 212,543	£ 354,714

The net book value of land and buildings wholly comprises quarry improvements.

9. STOCKS

	2010 £	2009 £
Raw materials	13,931	14,086
Finished goods and goods for resale	175,162	197,503
	<u>£ 189,093</u>	<u>£ 211,589</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

10. DEBTORS

	2010	2009
	£	£
Trade debtors	234,744	299,832
Amounts owed by group undertakings	225,733	16,875
Amounts owed by parent undertakings	92,145	-
Prepayments and accrued income	1,813	573
	<u>£ 554,435</u>	<u>£ 317,280</u>

11. CREDITORS:

Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	61,941	53,772
Other taxes and social security	80,658	67,721
Accruals and deferred income	75,260	40,654
Amounts owed to group undertakings	1,667	45,413
Corporation tax	33,113	33,257
Obligations under hire purchase contracts	64,759	64,759
	<u>£ 317,398</u>	<u>£ 305,576</u>

12. SECURITY

The company's banking arrangement is part of a group facility with the Clydesdale Bank PLC. Sums due to the bank are secured by cross guarantees from the parent company and all wholly owned subsidiaries and a bond and floating charge over all the assets of each of these companies. At 31 March 2010 group bank borrowings amounted to £10,215,280 (2009 - £10,727,759).

The company has issued guarantees and indemnities to secure the obligations and liabilities under hire purchase of the parent company and all wholly owned subsidiaries.

13. CREDITORS:

Amounts falling due after more than one year

	2010	2009
	£	£
Net obligations under finance leases and hire purchase contracts	<u>£ 87,983</u>	<u>£ 152,742</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

13. CREDITORS:
Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2010 £	2009 £
Between one and five years	£ 87,983	£ 152,742

14. DEFERRED TAXATION

	2010 £	2009 £
At beginning of year	23,677	40,011
Released during year	(23,677)	(16,334)
At end of year	£ -	£ 23,677

The provision for deferred taxation is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	£ -	£ 23,677

15. REINSTATEMENT PROVISION

	2008 £
At 1 April 2009	181,367
Provided during the year	18,000
At 31 March 2010	£ 199,367

Provision is made for the reinstatement of land by apportioning the estimated cost over the expected useful life of the quarry. The movement for the year is charged to the profit and loss account.

16. SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	£ 100	£ 100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	682,034	635,117
Profit for the year	10,268	46,917
	<u>692,302</u>	<u>682,034</u>
Closing shareholders' funds	£ 692,302	£ 682,034

18. CONTINGENT LIABILITIES

The company has given performance bonds amounting to £65,000 (2009 - £65,000) in relation to guarantees for reinstatement of land in respect of the quarry which is currently being operated.

19. RELATED PARTY TRANSACTIONS

Control

During the year the company was controlled by the directors.

The company has taken advantage of FRS 8 which gives exemption from disclosure of certain intra group transactions.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of CHAP (Holdings) Limited, a company incorporated in Scotland.