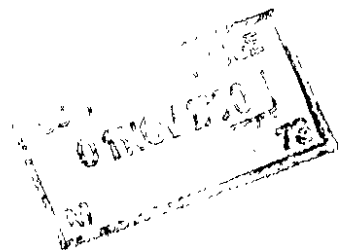


HEPWORTH REFRACTORIES (HOLDINGS) LIMITED  
(formerly Hepworth Refractories Limited)

31 December 1989

Company Number 54713



HEPWORTH REFRACTORIES (HOLDINGS) LIMITED  
(formerly Hepworth Refractories Limited)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1989

The directors have pleasure in presenting their report and the audited accounts for the year ended 31 December 1989.

GROUP RESTRUCTURING

On 28 February 1989 the business previously carried on by this company was sold, together with all operating assets and liabilities, to a newly formed wholly owned subsidiary. Following this sale, the company changed its name to Hepworth Refractories (Holdings) Limited with effect from 1 November 1989.

REVIEW OF THE BUSINESS

The principal activity of the group is the manufacture and sale of refractory products of all kinds. The turnover for the year was £162,288,291, an increase of £19,296,999 on the previous year. The retained profit for the year was £13,449,592 and this amount has been transferred to reserves. The company is an intermediate holding company.

DIVIDEND

Interim dividends of £8,182,000 have been paid to the holding company. No final dividend is recommended by the directors.

DIRECTORS

The following is a list of all persons who were directors of the company at any time between 1 January 1989 and the date of this report:

F. S. Thomson	(Chairman)
W. A. Clark	(appointed 3 April 1989)
A. Johnson	(resigned 3 April 1989)
J. H. M. Stein	(resigned 24 March 1989)
P. G. Whiteley	
J. G. Watson	
P. Thackeray	
P. C. Keen	
J. Casey	
L. K. Hardy	(appointed 1 February 1990)
J. R. Tebbett	(appointed 1 March 1990)

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED  
(formerly Hepworth Refractories Limited)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1989 (CONTINUED)

DIRECTORS (continued)

The interests of the directors, other than those who are also directors of the ultimate holding company, in the issued share and loan capital of group companies were as follows:

<u>Hepworth PLC</u>	<u>31 December 1989</u>	<u>1 January 1989</u>
Ordinary shares of 25p each		
P. C. Keen	Nil	1,250

The following share options have been granted pursuant to the Hepworth Ceramic 1984 Share Option Scheme, exercisable over various dates between 1989 and 1998:

- (i) Granted 23 April 1986 at 197.5p per share:
  - P. Thackeray - 19,079
  - J. G. Watson - 23,564
  - P. G. Whiteley - 20,903
- (ii) Granted 19 October 1987 at 280p per share:
  - P. C. Keen - 11,464
- (iii) Granted 5 May 1988 at 238p per share:
  - P. Thackeray - 4,965
  - J. G. Watson - 4,395
  - P. G. Whiteley - 4,713
  - P. C. Keen - 5,420
  - L. K. Hardy - 14,180
- (iv) Granted 3 May 1989 at 266p per share:
  - W. A. Clark - 61,469
  - P. Thackeray - 3,693
  - J. G. Watson - 3,734
  - P. G. Whiteley - 3,439
  - J. Casey - 16,319

EMPLOYEES

The policy of the group for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position in the group having regard to the maintenance of a safe working environment and the constraints of their disabilities.

The group continues its practice of keeping all its employees informed on matters affecting them.

RESEARCH AND DEVELOPMENT

The group continues to place great emphasis upon, and to invest in, research and in product and process development in all its operations.

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED  
(formerly Hepworth Refractories Limited)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1989 (CONTINUED)

FIXED ASSETS

The movement in fixed assets during the year are shown in notes 10 and 11 to the accounts.

INTERESTS IN LAND

Land and buildings of the group are, in all material respects, being used for the purposes of its trading activities. Consequently, the directors do not consider that any difference between the market value and the amount at which these assets are stated in the accounts is of any practical significance.

AUDITORS

On 1 January 1990 the company's auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
P. THACKERAY

22 March 1990

Registered Office  
Genefax House  
Sheffield  
S10 3FJ

AUDITORS' REPORT TO THE MEMBERS OF

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED  
(formerly Hepworth Refractories Limited)

We have audited the accounts on pages 5 to 24 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Wm A Reat Marvich McLindach*

Chartered Accountants

Sheffield  
22 March 1990

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u>
TURNOVER	2	£162,288,291	£142,991,292
COST OF SALES		(126,572,708)	(111,675,486)
GROSS PROFIT		35,715,583	31,315,806
DISTRIBUTION COSTS		(8,322,344)	(7,857,364)
ADMINISTRATIVE EXPENSES		(9,180,920)	(9,034,655)
OTHER OPERATING INCOME	3	9,212,353	555,820
SHARE OF PROFIT LESS LOSSES OF RELATED COMPANIES		906,835	1,071,351
INTEREST PAYABLE	4	(512,891)	(1,991,396)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	27,818,616	14,059,562
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(6,187,024)	(5,386,046)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		21,631,592	8,673,516
MINORITY INTEREST		-	(5,978)
PROFIT BEFORE EXTRAORDINARY ITEMS ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY		21,631,592	8,667,538
EXTRAORDINARY ITEMS	8	-	(81,864)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY		21,631,592	8,585,674
DIVIDENDS	9	(8,182,000)	-
PROFIT RETAINED		£ 13,449,592	£ 8,585,674

STATEMENT OF RETAINED PROFITS

Profit and loss account at 1 January 1989	£12,151,199	£ 5,383,102
Retained profits of subsidiaries transferred to the ultimate holding company	(1,294)	-
Profit retained	13,449,592	8,585,674
Exchange adjustments	1,662,534	(478,350)
Goodwill written off	24	(24,660)
Profit and loss account at 31 December 1989	£27,237,371	£12,151,199

The notes on pages 10 to 24 form part  
of these accounts

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1989

	Notes	1989	1988
<u>ASSETS EMPLOYED</u>			
FIXED ASSETS			
Tangible assets	10	£25,383,632	£25,971,134
Investments	12	<u>3,302,198</u>	<u>2,806,008</u>
		28,685,830	28,777,142
CURRENT ASSETS			
Stocks	14	£31,931,392	£31,061,856
Debtors	15	43,097,295	37,440,926
Cash at bank and in hand		<u>2,147,771</u>	<u>1,131,131</u>
		77,176,458	69,633,913
CREDITORS (falling due within one year)			
Loans from other group companies	16	15,437,018	21,535,430
Bank overdraft		923,829	1,601,169
Other creditors	17	<u>43,182,976</u>	<u>39,016,047</u>
		59,543,823	62,152,646
NET CURRENT ASSETS		<u>17,632,635</u>	<u>7,482,267</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		46,318,465	36,258,409
CREDITORS (falling due after more than one year)			
Bank loans	18	4,094,149	3,861,102
Taxation		-	3,978,622
Other creditors	19	181,683	252,537
Provisions for liabilities and charges	20	<u>1,825,812</u>	<u>3,106,761</u>
		<u>6,101,644</u>	<u>11,199,022</u>
		£40,216,821	£25,059,387
CAPITAL AND RESERVES			
Called up share capital	21	£12,000,000	£12,000,000
Reserves	22	979,450	908,188
Profit and loss account		<u>27,237,371</u>	<u>12,151,199</u>
		£40,216,821	£25,059,387

Approved by the board on 22 March 1990

F. S. THOMSON

W. A. CLARK

)  
) Directors  
)

The notes on pages 10 to 24 form part  
of these accounts

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED  
(formerly Hepworth Refractories Limited)

BALANCE SHEET - 31 DECEMBER 1989

	Notes	1989	1988
<u>ASSETS EMPLOYED</u>			
FIXED ASSETS			
Tangible assets	10	£ -	£18,922,692
Investments	12	-	3,304
Interest in subsidiaries	13	<u>209,895,274</u>	<u>27,464,229</u>
		209,895,274	46,390,225
CURRENT ASSETS			
Stocks	14	£ -	£22,959,100
Debtors	15	-	27,313,210
Cash at bank and in hand		<u>1,003</u>	<u>137,115</u>
		1,003	50,409,425
CREDITORS (falling due within one year)			
Loans from other group companies	16	44,148,708	30,129,062
Other creditors	17	<u>220,000</u>	<u>30,528,390</u>
		44,368,708	60,657,452
NET CURRENT (LIABILITIES)		<u>(44,367,705)</u>	<u>(10,248,027)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		165,527,569	36,142,198
CREDITORS (falling due after more than one year)			
Taxation		-	3,420,000
Provisions for liabilities and charges	20	<u>-</u>	<u>1,713,000</u>
		-	5,133,000
		£165,527,569	£31,009,198
CAPITAL AND RESERVES			
Called up share capital	21	£ 12,000,000	£12,000,000
Reserves	22	3,006,606	3,599,506
Profit and loss account	22	<u>150,520,963</u>	<u>15,409,692</u>
		£165,527,569	£31,009,198

Approved by the board on 22 March 1990

F. S. THOMSON

W. A. CLARK

)  
) Directors  
)

The notes on pages 10 to 24 form part of these accounts



HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>1989</u>	<u>1988</u>
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	£27,818,616	£14,059,562
Depreciation	3,263,370	3,031,065
(Profit) on disposal of tangible assets	(8,811,169)	(410,021)
Loss on transfer of dormant subsidiaries to other group companies	(1,294)	-
Share of profits in related companies	<u>(558,403)</u>	<u>(1,039,734)</u>
	21,711,120	15,640,872
 <b>OTHER SOURCES OF FUNDS</b>		
Movement on capital reserve	71,262	-
Provisions utilised in the year	-	416,399
Net receipt of finance debt	262,859	10,105
Loan from the holding company	-	1,343,150
Disposal of subsidiaries	-	56,642
Proceeds from sales of tangible assets	<u>11,487,460</u>	<u>651,736</u>
	<u>£33,532,701</u>	<u>£18,118,904</u>
 <b>APPLICATION OF FUNDS</b>		
Increase/(decrease) in working capital (see below)	£ 5,787,640	£ (891,683)
Additions to tangible assets	4,182,595	3,376,221
Dividends paid	8,182,000	-
Tangible fixed assets transferred from group companies	12,306	-
Net group relief paid	2,337,407	-
Taxation paid	<u>4,665,034</u>	<u>1,083,387</u>
	25,166,982	3,567,925
 <b>FUNDS APPLIED IN TRADING OPERATIONS</b>		
Acquisition of subsidiary (see below)	197,262	138,462
Repayment of loan stock	-	10,000,000
Increase in long term creditors	66,700	-
Net repayment of holding company loan	6,098,412	-
Purchase of minority in subsidiary	15,914	183,245
Sundry goodwill in year	-	306,878
Decrease in provisions	<u>397,594</u>	<u>-</u>
	<u>£31,942,864</u>	<u>£14,196,510</u>
 <b>INCREASE IN NET LIQUID FUNDS</b>	<u>£1,589,837</u>	<u>£3,922,394</u>

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (CONTINUED)

	<u>1989</u>	<u>1988</u>
INCREASE/(DECREASE) IN WORKING CAPITAL COMPRISES:		
Stocks	£ 774,552	£(1,717,025)
Debtors	5,489,608	2,979,310
Creditors	85,590	(1,847,391)
Exchange adjustment relating to overseas subsidiaries	<u>(562,110)</u>	<u>(306,577)</u>
	<u>£5,787,640</u>	<u>£ (891,683)</u>

Fair value and  
book value at date  
of acquisition

ACQUISITION OF SUBSIDIARY COMPRISES:

Tangible fixed assets	£ 81,935
Investment in related company	(155,348)
Stock	94,984
Debtors	166,761
Cash	104,143
Creditors	(93,413)
Deferred taxation	(10,546)
Goodwill	<u>8,746</u>
Cash paid	<u>£197,262</u>

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989

1 ACCOUNTING POLICIES

Basis of presentation

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain tangible assets.

Consolidation

The consolidated accounts incorporate the accounts of Hepworth Refractories (Holdings) Limited and all of its subsidiaries.

A separate profit and loss account dealing with the results of the company only is not presented.

Turnover

Turnover comprises the invoice value, excluding value added tax, of goods and services supplied to customers including fellow subsidiaries (and includes royalties receivable).

Depreciation and amortisation

The charge is calculated at rates appropriate to write off the net cost of the individual assets from the time they become operational by equal annual instalments over their estimated useful lives, which are principally as follows:

Buildings	- 40 years
Plant and equipment	- 10, 15 or 25 years
Commercial vehicles	- 5 years
Motor cars	- 4 years

Freehold land is not depreciated.

Pensions

The expected cost of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular cost are spread over the expected service lives of current employees in the scheme. Pension costs are assessed in accordance with the advice of an actuary.

Research and development

All expenditure except that incurred on buildings and plant is charged against income as it is incurred.

Patents and trade marks

All expenditure is charged against income as it is incurred.

Deferred taxation

Provision is made at current rates for deferred taxation unless there is a reasonable probability that no payment will be made in the foreseeable future.

Goodwill

Goodwill arises where the purchase consideration exceeds the values attributed to the net tangible assets at acquisition and is charged separately against retained profits as it arises.

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Interest in subsidiaries

Shares in subsidiaries acquired after 31 December 1986 are stated in the accounts of the company at cost whilst those acquired prior to that date are stated at the value attributed to the net tangible assets of the subsidiary concerned at the date of acquisition.

Leasing of equipment

Assets acquired under finance leases are included in the balance sheet as fixed assets and depreciation is charged in accordance with the accounting policy described above. The capital element of future lease payments is included in the balance sheet as obligations under finance leases and interest thereon is charged to the profit and loss account over the term of the lease. Payments under operating leases are charged wholly to the profit and loss account in the year in which they are incurred.

Related companies

Those companies in whose commercial and financial policy decisions the group participates and in which the group holds at least 20% of the equity, though not a controlling interest, are treated as related companies. Shares in these companies are stated at the value attributed to the proportion of the net assets acquired, after writing off goodwill.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes appropriate overheads and is determined on the 'first in first out' (or average cost) basis.

Rates of exchange

Assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the year end and trading results at average rates applicable during the year. Exchange gains and losses of a trading nature are dealt with in arriving at the profit before taxation. Other gains and losses and translation differences are shown separately as a movement on retained profits.

2	TURNOVER	<u>1989</u>	<u>1988</u>
	United Kingdom	£ 65,862,029	£ 63,278,247
	Rest of the World	<u>96,060,079</u>	<u>79,320,042</u>
		161,922,108	142,598,289
	Group companies in the United Kingdom	<u>366,183</u>	<u>393,003</u>
		<u>£162,288,291</u>	<u>£142,991,292</u>

All the above turnover derives from the one class of business undertaken, and the profits attributable thereto are shown in the profit and loss account.

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

3	OTHER OPERATING INCOME	<u>1989</u>	<u>1988</u>
	Property and fixed asset disposals	£8,811,169	£ 14,032
	Rental income	126,377	103,616
	Other income	<u>274,807</u>	<u>438,172</u>
		<u>£9,212,353</u>	<u>£555,820</u>

4	INTEREST PAYABLE	<u>1989</u>	<u>1988</u>
	Interest payable on:		
	Bank loans and overdrafts	£587,626	£ 768,390
	Group loans	<u>-</u>	<u>1,351,537</u>
		587,626	2,119,927
	Interest receivable	<u>(74,735)</u>	<u>(128,531)</u>
		<u>£512,891</u>	<u>£1,991,396</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is arrived at after charging/(crediting) the following:

	<u>1989</u>	<u>1988</u>
Auditors' remuneration	£ 101,453	£ 107,468
Profit on sale of tangible assets	(1,488,129)	(410,021)
Depreciation	3,263,370	3,031,065
Hire of plant and equipment	447,189	381,608
Rents receivable	<u>(33,498)</u>	<u>(198,495)</u>

6 DIRECTORS AND EMPLOYEES

The emoluments of the directors of the company were as follows:

	<u>1989</u>	<u>1988</u>
Management remuneration	£422,117	£363,756
Directors' fees	<u>-</u>	<u>3,600</u>
	<u>£422,117</u>	<u>£367,356</u>

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

6 DIRECTORS AND EMPLOYEES (CONTINUED)

	<u>1989</u>	<u>1988</u>
Directors' emoluments, excluding pension contributions, were as follows:		
Chairman	£NIL	£NIL
Highest paid director	£87,344	£86,802

	<u>Number</u>	<u>Number</u>
Other directors		
£0 - £5,000	-	2
£10,001 - £15,000	1	1
£25,001 - £30,000	-	1
£35,001 - £40,000	-	1
£40,001 - £45,000	1	-
£45,001 - £50,000	-	3
£50,001 - £55,000	3	1
£55,001 - £60,000	2	-

	<u>1989</u>	<u>1988</u>
Staff costs		
Wages and salaries	£34,162,323	£30,112,739
Social security costs	4,958,943	4,203,993
Other pension costs	<u>418,662</u>	<u>199,914</u>
	<u>£39,539,928</u>	<u>£34,516,646</u>

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

	<u>Number</u>	<u>Number</u>
Production and distribution	2,652	2,262
Administration, accounting and computing	88	77
Sales and marketing	213	161
Research and development	104	75
Others	<u>5</u>	<u>26</u>
	<u>3,062</u>	<u>2,601</u>

The remuneration of UK employees of the Group who received in excess of £30,000 fell within the following scale:

	<u>1989</u>	<u>1988</u>
£30,001 - £35,000	12	3
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

7 TAXATION

	<u>1989</u>	<u>1988</u>
Based on profit on ordinary activities for the year		
Corporation tax at 35% (1988 - 35%)	£4,885,886	£3,820,093
Deferred tax	(4,000)	231,178
Overseas tax payable	<u>1,864,140</u>	<u>632,869</u>
	6,746,026	4,684,140
Adjustments in respect of prior years	<u>(941,436)</u>	<u>320,493</u>
	5,804,590	5,004,633
Share of related companies' taxation	<u>382,434</u>	<u>381,413</u>
	<u>£6,187,024</u>	<u>£5,386,046</u>

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method are set out below.

In 1988 deferred taxation was provided in full. Following the purchase of the minority interest in the group from British Steel plc in October 1988 partial provision for deferred tax is now made in accordance with Hepworth PLC group policy.

<u>Group</u>	<u>1989</u>		<u>1988</u>
	<u>Amount provided</u>	<u>Full potential liability</u>	<u>Amount provided and full potential liability</u>
Capital allowances	£1,755,469	£3,510,938	£3,881,611
Unutilised losses brought forward	-	-	(11,088)
Other timing differences	<u>(761,830)</u>	<u>(1,536,938)</u>	<u>(1,997,529)</u>
	<u>£ 993,639</u>	<u>£1,974,000</u>	<u>£1,872,994</u>

<u>Company</u>	<u>1989</u>		<u>1988</u>
	<u>Amount provided</u>	<u>Full potential liability</u>	<u>Amount provided and full potential liability</u>
Capital allowances	£ -	£ -	£3,674,602
Other timing differences	<u>-</u>	<u>-</u>	<u>(1,961,602)</u>
	<u>£ -</u>	<u>£ -</u>	<u>£1,713,000</u>

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

8	EXTRAORDINARY ITEMS	<u>1989</u>	<u>1988</u>
	Loss on sale of business	£ -	£81,864

9	DIVIDENDS	<u>1989</u>	<u>1988</u>
	Interim dividends paid	£8,182,000	£ -

10 TANGIBLE ASSETS

	<u>Land and buildings</u>	<u>Plant, equipment and vehicles</u>	<u>Assets in course of construction</u>	<u>Total</u>
<u>Group</u>				
<u>Cost</u>				
At 1 January 1989	£13,937,053	£62,624,362	£1,292,663	£77,854,078
Reclassifications	(273,990)	1,944,630	(1,670,640)	-
Additions	175,077	2,480,749	1,526,769	4,182,595
Group transfers in	-	20,475	-	20,475
Brought in on acquisition	18,783	223,630	-	242,413
Disposals	(381,907)	(861,575)	-	(1,243,482)
Group transfers out	(2,424,030)	-	-	(2,424,030)
Exchange adjustments	<u>1,166,784</u>	<u>2,501,828</u>	<u>10,746</u>	<u>3,679,358</u>
At 31 December 1989	<u>£12,217,770</u>	<u>£68,934,099</u>	<u>£1,159,538</u>	<u>£82,311,407</u>
<u>Depreciation</u>				
At 1 January 1989	£7,453,491	£44,429,453	£ -	£51,882,944
Reclassifications	(235,951)	235,951	-	-
Charge for year	247,960	3,015,410	-	3,263,370
Depreciation brought in on acquisition	14,921	145,557	-	160,478
Group transfers in	-	8,169	-	8,169
Disposals	(136,299)	(738,935)	-	(875,234)
Group transfers out	(115,987)	-	-	(115,987)
Exchange adjustments	<u>782,428</u>	<u>1,821,607</u>	<u>-</u>	<u>2,604,035</u>
At 31 December 1989	<u>£8,010,553</u>	<u>£48,917,222</u>	<u>£ -</u>	<u>£56,927,775</u>
<u>Net amounts</u>				
At 31 December 1989	<u>£4,207,217</u>	<u>£20,016,877</u>	<u>£1,159,538</u>	<u>£25,383,632</u>
At 31 December 1988	<u>£6,483,562</u>	<u>£18,194,909</u>	<u>£1,292,663</u>	<u>£25,971,134</u>



HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

10 TANGIBLE ASSETS (CONTINUED)

Assets held under finance leases are included above at a net book amount at 31 December 1989 of £3,831 (1988 - £11,401). The depreciation charge for the year on these assets is £7,570.

<u>Company</u>	<u>Land and buildings</u>	<u>Plant, equipment and vehicles</u>	<u>Assets in course of construction</u>	<u>Total</u>
<u>Cost or valuation</u>				
At 1 January 1989	£3,103,472	£45,788,812	£1,230,977	£50,123,261
Additions	2,190	335,296	-	337,486
Inter company transfers	(3,066,609)	(46,073,275)	(1,230,977)	(50,370,861)
Disposals	(39,053)	(50,833)	-	(89,886)
At 31 December 1989	£ -	£ -	£ -	£ -
<u>Depreciation</u>				
At 1 January 1989	£822,606	£30,377,963	£ -	£31,200,569
Inter company transfers	(839,661)	(30,731,196)	-	(31,570,857)
Charge for year	17,055	397,969	-	415,024
Disposals	-	(44,736)	-	(44,736)
At 31 December 1989	£ -	£ -	£ -	£ -
<u>Net amounts</u>				
At 31 December 1989	£ -	£ -	£ -	£ -
At 31 December 1988	£2,280,866	£15,410,849	£1,230,977	£18,922,692

Freehold land included above amounts to:

	<u>1989</u>	<u>1988</u>
Group	£780,165	£780,165
Company	£ -	£780,165

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

10 TANGIBLE ASSETS (CONTINUED)

Land and buildings include long and short leaseholds, the amounts of which at 31 December 1989 are:

	<u>Cost</u>	<u>Depreciation</u>	<u>Net amount</u>	<u>1988 Net amount</u>
<u>Group</u>				
Long leasehold	£26,936	£21,544	£5,392	£4,306
Short leasehold	<u>22,188</u>	<u>19,349</u>	<u>2,839</u>	<u>3,150</u>
	£49,124	£40,893	£8,231	£7,456

11 CAPITAL COMMITMENTS

No provision has been made in these accounts for the following capital expenditure:

	<u>1989</u>	<u>Group</u> <u>1988</u>	<u>1989</u>	<u>Company</u> <u>1988</u>
Contracts placed to a total value of	£1,119,715	£ 413,500	£ -	£ 388,100
Expenditure authorised by the board, contracts for which had not been placed	<u>1,954,624</u>	<u>2,452,498</u>	-	<u>1,259,065</u>
Total before deducting Government grants	£3,074,339	£2,865,998	£ -	£1,647,165

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

12 INVESTMENTS

<u>Group</u>	<u>Related companies</u>			<u>Trade investments</u>	<u>Total</u>
	<u>Shares</u>	<u>Loans</u>	<u>Share of retained profit</u>		
<u>Cost</u>					
At 1 January 1989	£1,764,808	£15,246	£642,231	£383,723	£2,806,008
Dividend	-	-	(348,432)	-	(348,432)
Share of profit during year	-	-	524,401	-	524,401
Conversion to subsidiary	(8,018)	-	(147,330)	-	(155,348)
Exchange adjustments	-	-	367,522	108,047	475,569
At 31 December 1989	£1,756,790	£15,246	£1,038,392	£491,770	£3,302,198

The related companies are listed below:

	<u>% held</u>	<u>Country of incorporation</u>
United Moler ApS	50	Denmark
S.A.R.L. Distrisol	26	France
Rotary Nozzle International S.A.	50	Belgium

The principal activity of these companies is the manufacture and sale of refractory products.

The trade investments of the group, which include listed investments of £192 are stated at cost less provisions for diminution in value and they are valued by the directors at £491,770 (1988 - £383,723).

Company

The company has no trade investments (1988 - £3,304).

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

13 INTEREST IN SUBSIDIARIES

<u>Company</u>	<u>Shares</u>	<u>Dividends receivable</u>	<u>Total</u>
At 31 December 1988	£ 27,478,464	£1,249	£ 27,479,713
Transfers to other group companies	(27,478,464)	(1,249)	(27,479,713)
Additions	195,000,000	-	195,000,000
Transfers from other group companies	<u>14,895,274</u>	<u>-</u>	<u>14,895,274</u>
At 31 December 1989	<u>209,895,274</u>	<u>-</u>	<u>209,895,274</u>
Provision for losses in subsidiaries			
At 31 December 1988	15,484	-	15,484
Transfers to other group companies	<u>(15,484)</u>	<u>-</u>	<u>(15,484)</u>
At 31 December 1989	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net amounts</u>			
At 31 December 1989	<u>£209,895,274</u>	<u>£ -</u>	<u>£209,895,274</u>
At 31 December 1988	<u>£27,462,980</u>	<u>£1,249</u>	<u>£27,464,229</u>

Principal trading subsidiaries are shown below; other subsidiaries are not listed and will be shown on the next annual return to the Registrar of Companies. The principal activity of all group companies is the manufacture and sale of refractory products.

<u>Company</u>	<u>Country of incorporation or registration</u>
Hepworth Refractories Limited	Great Britain
Coolae, Limited	Great Britain
The Meltham Silica Fire Brick Co Limited	Great Britain
GR-Stein Deutschland GmbH	Federal Republic of Germany
Thomas Marshall (Loxley) Limited	Great Britain
Marshall Leasing (Loxley) Limited	Great Britain
Thomas Marshall Overseas Investments Limited	Great Britain
Moler Products Limited	Great Britain
Hepworth Refractories (Belgium) SA (formerly Societe Mosane de Refractaires SA)	Belgium

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

13 INTEREST IN SUBSIDIARIES (CONTINUED)

<u>Company</u>	<u>Country of incorporation or registration</u>
Marshall Foundry Products Limited	Great Britain
Hepworth Refractories Italiana Srl	Italy
Hepworth Refractories (Canada) Limited	
(formerly Thomas Marshall (Canada) Ltd)	Canada
Furmol Kompagniet A/S	Denmark

On 29 December 1989, Societe Belge des Produits Refractaires S.A. was absorbed by Societe Mosane de Refractaires SA with retroactive effect to 31 October 1989. Societe Mosane de Refractaires SA changed its name to Hepworth Refractories (Belgium) SA at that date.

In May 1989 Thomas Marshall (Canada) Limited increased its holding in Marshall Currie Refractories Limited from 49% to 100%. On 1 January 1990, Thomas Marshall (Canada) Limited and Marshall Currie Refractories Limited amalgamated to form Hepworth Refractories (Canada) Limited.

With the exception of Marshall Foundry Products Limited which is 75% owned, each subsidiary is wholly owned with ordinary shares only in issue, and operates in its country of incorporation or registration.

In the opinion of the directors, the aggregate value of the investment in the company's subsidiaries is not less than the aggregate of the amount at which those assets are stated in the balance sheet.

14 STOCKS

	<u>Group</u>		<u>Company</u>
	<u>1989</u>	<u>1988</u>	<u>1989</u> <u>1988</u>
Stores and consumables	£ 3,475,677	£ 3,134,976	£ - £2,056,710
Raw materials	9,912,739	10,458,743	- 8,283,618
Work in progress	4,020,393	3,669,378	- 1,639,448
Finished goods	<u>14,522,583</u>	<u>13,798,759</u>	<u>- 10,979,324</u>
	<u>£31,931,392</u>	<u>£31,061,856</u>	<u>£ - £22,959,100</u>

15 DEBTORS

	<u>Group</u>		<u>Company</u>
	<u>1989</u>	<u>1988</u>	<u>1989</u> <u>1988</u>
Trade debtors	£39,447,676	£34,815,507	£ - £25,190,311
Other debtors	1,305,417	775,655	- 250,215
Prepayments and accrued income	1,954,953	941,076	- 907,100
Amounts owed by group companies	<u>389,249</u>	<u>908,688</u>	<u>- 965,584</u>
	<u>£43,097,295</u>	<u>£37,440,926</u>	<u>£ - £27,313,210</u>

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

16 LOANS FROM OTHER GROUP COMPANIES

An amount of £21,535,430 (1988 - £21,535,430) is due to the company's holding company. This is repayable on demand.

17 OTHER CREDITORS (falling due within one year)

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Trade creditors	£12,354,322	£16,203,110	£ -	£11,133,840
Bills of exchange payable	734,552	-	-	-
Payments received on account	504,354	2,565,678	-	1,982,302
Taxation	7,143,993	3,018,853	220,000	2,702,509
Other creditors	1,396,203	860,365	-	449,621
Accruals and deferred income	17,231,204	12,855,601	-	11,798,328
Social security and others	2,649,723	2,511,407	-	995,853
Amounts due to group companies	392,362	258,737	-	1,465,937
Bank loans	776,263	736,313	-	-
Leases	-	5,983	-	-
	<u>£43,182,976</u>	<u>£39,016,047</u>	<u>£220,000</u>	<u>£30,528,390</u>

18 BANK LOANS (falling due after more than one year)

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Secured liabilities repayable within five years	£3,233,958	£2,533,542	£ -	£ -
Secured liabilities repayable after more than five years	<u>860,191</u>	<u>1,327,560</u>	<u>-</u>	<u>-</u>
	<u>£4,094,149</u>	<u>£3,861,102</u>	<u>£ -</u>	<u>£ -</u>

The loans, which are secured on the assets of Hepworth Refractories (Belgium) S.A. are at interest rates varying between 8.25% and 11.75%.

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

19 OTHER CREDITORS (falling due after more than one year)

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Accruals and deferred income	£135,012	£ -	£ -	£ -
Trade creditors	46,671	120,979	-	-
Other creditors	-	127,403	-	-
Leases	-	4,155	-	-
	<u>£181,683</u>	<u>£252,537</u>	<u>£ -</u>	<u>£ -</u>

20 PROVISIONS FOR LIABILITIES AND CHARGES

<u>Group</u>	<u>Deferred taxation</u>	<u>Performance guarantees</u>	<u>Others</u>	<u>Total</u>
Balance at 1 January 1989	£1,872,994	£278,724	£ 955,043	£3,106,761
On acquisition of subsidiaries	10,546	-	-	10,546
Charge for the year	(892,610)	271,777	1,260,658	639,825
Utilised during the year	<u>(1,291)</u>	<u>(148,236)</u>	<u>(1,781,793)</u>	<u>(1,931,320)</u>
Balance at 31 December 1989	<u>£ 989,639</u>	<u>£402,265</u>	<u>£ 433,908</u>	<u>£1,825,812</u>

Company

Deferred taxation:	
Balance at 1 January 1989	£1,713,000
Released in the year	<u>(1,713,000)</u>
Balance at 31 December 1989	<u>£ -</u>

21 CALLED UP SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
Authorised, allotted and fully paid:		
Ordinary shares of £1 each	<u>£12,000,000</u>	<u>£12,000,000</u>

HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

22 RESERVES

<u>Group</u>	<u>Share premium</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Total</u>
At 1 January 1989	£828,739	£ 79,449	£ -	£908,188
Arising in year	-	71,262	-	71,262
At 31 December 1989	£828,739	£150,711	£ -	£979,450
<u>Company</u>				
At 1 January 1989 and 31 December 1989	£828,739	£2,177,867	£592,900	£ 3,599,506
Realised on disposal to group company	-	-	(592,900)	(592,900)
At 31 December 1989	£828,739	£2,177,867	£ -	£3,006,606

23 PROFIT AND LOSS ACCOUNT

As permitted by Section 228(7) of the Companies Act 1985, Hepworth Refractories (Holdings) Limited has not presented its own profit and loss account. The amount of the consolidated profit for the financial year dealt with in the profit and loss account of the holding company is shown below:

At 1 January 1989	£15,409,692
Loss for the year	(4,717,104)
Release of general provisions no longer required	12,220,042
Extraordinary profit on the sale of business to a new wholly owned subsidiary	127,015,433
Revaluation reserve realised	592,900
At 31 December 1989	£150,520,963

24 GOODWILL

Group

All acquisitions have been accounted for in accordance with group accounting policies. The net goodwill arising on acquisition of £24,660 has been charged against retained earnings. Of this amount £15,914 arose on the acquisition of the remaining minority in Societe Belge des Produits Refractaires SA. A further £8,746 arose on the acquisition of the remaining 51% holding in Marshall Currie Refractories Limited by Thomas Marshall (Canada) Limited.



HEPWORTH REFRACTORIES (HOLDINGS) LIMITED AND SUBSIDIARY COMPANIES  
(formerly Hepworth Refractories Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

25 PENSION COMMITMENTS

The company participates in the Hepworth PLC Group pension schemes covering the majority of its employees including the executive directors. These schemes are funded defined benefit schemes and are financed through separate trustee administered funds. Contributions to these funds, which are charged against profits, are based upon actuarial advice following the most recent valuation of these funds and based upon pension costs across the group as a whole. Details of the actuarial valuation can be found in the accounts of Hepworth PLC. The group's Belgian subsidiary operates a defined contribution scheme for certain of its employees.

26 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 1989 the group had net obligations under finance leases as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Within one year	£ -	£ 5,983	£ -	£ -
Within two to five years	<u>-</u>	<u>4,155</u>	<u>-</u>	<u>-</u>
	<u>£ -</u>	<u>£10,138</u>	<u>£ -</u>	<u>£ -</u>

27 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hepworth PLC, a company incorporated in Great Britain.