

66045/437

LONDON BRICK PLC

DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31st DECEMBER, 1983.

**Binder Hamlyn**

Chartered Accountants



Offices in Ayr, Bacup, Belfast, Birmingham, Bury St Edmunds, Croydon, Dublin, Enniskillen, Glasgow, Leeds, London, Manchester, Newcastle upon Tyne, Newmarket, Nottingham, Rochdale, Saltcoats, Sheffield, Stranraer, Telford and Wolverhampton.

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Report and Accounts year ended 31 December 1983

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London Brick PLC  
Directors and Advisors

Honorary President:  
Sir Ronald Stewart Bt. DL

<p><b>Directors</b> Jeremy Rowe CBE, MA, CBIM. M O Wright FCA, CBIM, FCT, ACMA James Bristow D H Lawrence DFH, CEng, FIMechE, MIEE *D E St A Harney OBE *R M Harris BCL, MA *Kenneth McAlpine DL. R A Needs CEng, MIMechE D J Venn *Non-Executive Directors</p>	<p>Chairman Deputy Chairman</p>
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**Secretary** H D Howe, FCIS  
Registered Office: London Brick House, 12 York Gate,  
Regents Park, London NW1 4QL

<p><b>Advisors</b> Barclays Bank PLC 54 Lombard Street, London EC3P 3AH Binder Hamlyn 8 St Bride Street, London EC4A 4DA Close Registrars Limited Arthur House, 803 High Road, Leyton, London E10 7AA Joynson-Hicks &amp; Co St. Martin's House, 140 Tottenham Court Road, London W1P 9LN Grenfell &amp; Colegrave 55/61 Moorgate, London EC2R 6DR</p>	<p>Bankers Auditors Registrars Solicitors Stockbrokers</p>
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London Brick PLC  
Principal Subsidiaries, their Products and Services

LONDON BRICK PLC and its subsidiaries provide a range of products and services for industry, construction and the consumer.

The Group's operations today stem from its traditional leading role in the brickmaking industry and now encompass not only activities which have developed from its industrial base, but also those more broadly related to housing and the home.

**Wholly-owned subsidiaries, incorporated and operating in England**

London Brick Products Limited Facing bricks, common bricks, hollow clay building and floor blocks, field drain pipes; cedar summerhouses and sheds.

London Brick Landfill Limited Industrial and domestic waste disposal.

London Brick Property Limited Estates management and property development; arable and dairy farming.

London Brick Engineering Limited heavy and general engineering, designing and structural steel.

The Croydex Company Limited Housewares and garden products.

Transformers (Watford)Limited Investment Company.

**Wholly-owned subsidiary of Transformers (Watford)Limited incorporated and operating in Australia.**

London Brick Australia Pty Limited Investment Company.

London Brick PLC  
Report of the Directors

The Directors present their report and the accounts  
for the year ended 31st December 1983.

Results and Dividends

Details of the results of the year are set out in the  
consolidated profit and loss account on page 8.

	<u>£000</u>	<u>£000</u>
Profit attributable to Stockholders		15,191
From this profit the following dividends have been paid or are proposed:		
Preference Stock	22	
Ordinary Stock:		
Interim paid 31st October 1983 1,2681p per unit	<u>1,772</u>	
		<u>1,794</u>
Retained Profit for the financial year added to Reserves		<u><u>13,397</u></u>

Review of the Business

During the year Group turnover increased by 6% to  
£145,380,000. Following the successful divisionalisation  
of the Company's activities and the continuing strict  
control of costs, operating profits increased by 52% to  
£24,515,000.

Future Development

Future development will be directed towards improving still  
further the efficiency of brickmaking operations and  
towards the expansion of all activities within their  
existing markets.

On the 6th January 1984 London Brick PLC acquired a 100%  
interest in the share capital of The Claughton Manor  
Brick PLC and Milton Hall (Southend) Brick Company Limited.  
Details are contained in Note 25 (Financial Commitments).

Share Capital

At an Extraordinary General Meeting of the Company held on  
the 19th May 1983, the Share Capital of the Company was  
increased as follows :

- (a) by the creation of 64,000,000 Ordinary Shares of  
25p each increasing the Authorised Capital of the  
Company from £22,000,000 to £38,000,000;  
and
- (b) by the appropriation of £16,044,964.75 from Capital  
and Revenue Reserves and Share Premium Account and  
applying it in paying up in full 64,179,859 new  
Ordinary Shares of 25p each, which shares were  
allotted credited as fully paid to Ordinary  
Stockholders whose names were on the Register of  
Members on 6th May 1983, in the proportion of one  
25p Share for every one unit of 25p Ordinary Stock  
held and were forthwith converted into Ordinary Stock.

London Brick PLC  
Report of the Directors continued

Share Capital continued

The Directors were of the opinion that this increase in the authorised and issued capital of the Company was desirable in order to bring it more into line with the actual capital employed in the business.

14% Convertible Unsecured Loan Stock 1984:

In accordance with the Trust Deed, the conversion of Loan Stock in 1983 resulted in the issue of £2,841,864.50 Ordinary Stock in the Company and the issued capital was increased by that amount.

On the 6th January 1984 the Company made recommended offers for The Cloughton Manor Brick PLC which resulted in the issue of £374,494 of Stock which increased the Share Capital of the Company by that amount.

Tangible Fixed Assets

Details of the Tangible Fixed Assets are contained in Note 14 to the Accounts on pages 17 and 18.

Freehold and Leasehold Land and Buildings were the subject of a professional valuation by Messrs. J.R. Eve, Chartered Surveyors, as at 31st December 1983. The bases of valuation as set out in the valuation certificate may be summarised as follows:

- 1) Specialised properties on a depreciated replacement cost basis.
- 2) Non-specialised properties, occupied and used for Group business, at open market value for existing use.
- 3) Properties let to third parties and/or surplus to the Group's business at open market value including, where appropriate, any hope value for an alternative use.

This valuation shows an increase over book value of £37,293,000.

Employee Reporting and Involvement

The Company has for some years had a policy of full communication with its employees. The formal aspects of this policy are the bi-monthly publication of the Group's House Magazine, a yearly Employee Report and the Company's Report and Accounts. In addition the Company has for many years been involved with the trade unions in Joint National Councils, Safety Committees and Works Councils which meet several times during the year. More frequent discussions with employee representatives take place in relation to day-to-day operating matters.

Disabled Persons

The Group makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

Contributions

Contributions for charitable purposes during the year amounted to £8,868.

### Directors

R M Harris was appointed a Director on 28th June 1983, and being eligible, offers herself for re-election.

K McAlpine and R A Needs retired from the Board in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

### Directors' Interests

The table below shows all the Directors of the Company at the end of the financial year and their interests in the Company's Stocks including those of their families.

	At 31 December 1983 Ordinary Stock 25p units	At 1 January 1983 Ordinary Stock 25p units
	Beneficial	Beneficial
Jeremy Rowe	78,042	39,021
M O Wright	28,220	14,110
James Bristow	7,900	3,950
D E St A Harney	4,000	2,000
R M Harris	11,000	-
D H Lawrence	24,170	22,085
Kenneth McAlpine	4,000	2,000
R A Needs	4,000	2,000
D.J. Venn	4,000	2,000

James Bristow is interested as a trustee in 7,700 preference stock units.

Jeremy Rowe, James Bristow and Kenneth McAlpine have non-beneficial interests in 1,100,000, 80,000 and 125,000 Ordinary Stock units respectively.

Between the 1st February and 27th March 1984 every Director disposed of their holdings in Ordinary Stock with the exception of their qualification holding of 2,000 units.

R M Harris is a partner in Joynson-Hicks & Co the company's solicitors. With this exception no director had at any time a material interest in a contract of significance in relation to the company's business.

The period unexpired in the service agreement held by R A Needs does not exceed 36 months.

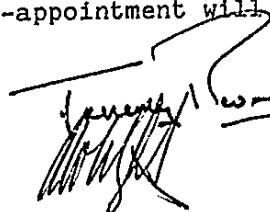
### Stockholdings

#### Hanson Trust PLC

On 28th February 1984 London Brick PLC became a subsidiary of Hanson Trust PLC which is now regarded as the ultimate holding company.

### Auditors

Binder Hamlyn have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.



Jeremy Rowe Chairman.

Michael Wright Deputy Chairman

London Brick House,  
12 York Gate,  
Regents Park,  
London, NW1 4QL.

27th March 1984.

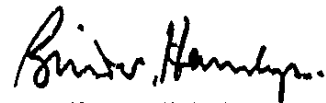
REPORT OF THE AUDITORS TO THE MEMBERS OF

LONDON BRICK P.L.C.

We have audited the accounts on pages 7 to 24 in accordance with approved Auditing Standards.

In our opinion, the accounts, which have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets, give a true and fair view of the state of affairs of the company and the group at 31st December 1983 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

The company has not prepared current cost accounts as required by the Statement of Standard Accounting Practice No.16.



BINDER HAMLYN

Chartered Accountants.

8 St Bride Street,  
London, EC4A 4DA.

27th March 1984.

London Brick PLC  
 Consolidated Profit and Loss Account  
 for the year ended 31 December 1983

	<u>Notes</u>	<u>1983</u> <u>£000</u>	<u>1982</u> <u>£000</u>
Turnover	2	145,380	137,456
Cost of Sales		(87,055)	(83,652)
Gross Profit		58,325	53,804
Distribution Costs		(29,144)	(26,374)
Administrative Expenses		(8,036)	(12,964)
Other Operating Income		3,370	1,651
Operating Profit	2 & 3	24,515	16,117
Share of Profits of a Related Company	4	1,397	542
Income from Other Fixed Asset Investments	5	135	43
Other Interest Receivable and Similar Income	6	764	283
Interest Payable and Similar Charges	7	(371)	(1,657)
Profit on Ordinary Activities before Taxation		26,440	15,328
Tax on Profit on Ordinary Activities	8	(10,008)	(4,360)
Profit on Ordinary Activities after Taxation		16,432	10,968
Extraordinary Items after Taxation	9	(1,241)	(829)
Profit for the Financial Year	10	15,191	10,139
Dividends	11	1,794	3,555
Retained Profit for the Financial Year		<u>13,397</u>	<u>6,584</u>
Earnings per Ordinary Stock Unit of 25p	12		
Basic		11.74p	8.53p
Fully diluted		11.46p	7.81p

Notes on pages 11 to 24 form part of these accounts

London Brick PLC  
Consolidated Balance Sheet  
at 31 December 1983

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
		<u>£000</u>	<u>£000</u>
<b>Fixed Assets</b>			
Tangible Assets	14	48,481	48,612
Investments	15	<u>7,984</u>	<u>7,062</u>
		56,465	55,674
<b>Current Assets</b>			
Stocks	16	19,032	27,127
Debtors	17	21,995	22,620
Investment	19	1,418	-
Cash at Bank and In Hand		<u>20,438</u>	<u>1,599</u>
		62,883	51,346
Creditors: amounts falling due within one year	20	<u>23,951</u>	<u>29,581</u>
Net Current Assets		<u>38,932</u>	<u>21,765</u>
Total Assets less Current Liabilities		95,397	77,439
Creditors: amounts falling due after more than one year	21	7,081	5,849
Provisions for Liabilities and Charges	22	<u>912</u>	<u>624</u>
		<u>7,993</u>	<u>6,473</u>
		<u>87,404</u>	<u>70,966</u>
<b>Capital and Reserves</b>			
Called up Share Capital	23	35,332	16,445
Share Premium Account	24	284	1,362
Other Reserve	24	494	1,723
Profit and Loss Account	24	<u>51,294</u>	<u>51,436</u>
		<u>87,404</u>	<u>70,966</u>

Jeremy Rowe Chairman

Michael Wright Deputy Chairman

Approved by The Board, 27th March 1984.

Notes on pages 11 to 24 form part of these accounts.

London Brick PLC  
Balance Sheet at 31 December 1983.

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
		<u>£000</u>	<u>£000</u>
<b>Fixed Assets</b>			
Tangible Assets	14	468	416
Investments	15	<u>69,886</u>	<u>71,533</u>
		70,354	71,949
<b>Current Assets</b>			
Stocks	16	7	6
Debtors	17	25,259	18,267
Investment	19	1,418	-
Cash at Bank and In Hand		<u>18,954</u>	<u>4,403</u>
		45,638	22,676
<b>Creditors: amounts falling due within one year</b>	20	<u>35,957</u>	<u>24,022</u>
<b>Net Current Assets</b>		<u>9,681</u>	<u>( 1,346 )</u>
<b>Total Assets less Current Liabilities</b>		80,035	70,603
<b>Creditors: amounts falling due after more than one year</b>	21	<u>-</u>	<u>4,458</u>
		<u>80,035</u>	<u>66,145</u>
<b>Capital and Reserves</b>			
Called up Share Capital	23	35,332	16,445
Share Premium Account	24	284	1,362
Other Reserve	24	320	694
Profit and Loss Account	24	<u>44,099</u>	<u>47,644</u>
		<u>80,035</u>	<u>66,145</u>

Jeremy Rowe Chairman  
Michael Wright Deputy Chairman

Approved by The Board, 27th March 1984.

Notes on pages 11 to 24 form part of these accounts.

London Brick PLC and Subsidiary Companies  
Statement of Source and  
Application of Funds  
for the year ended 31 December 1983

		1983		1982
	£000	£000	£000	£000
<b>Source of Funds</b>				
Funds generated from operations:				
Profit from Ordinary activities before taxation		26,440		15,328
Extraordinary items before taxation		(1,273)		(1,113)
		25,167		14,215
Adjustment for items not involving the movement of working capital:				
Depreciation	3,116		3,180	
Provision for diminution in value of fixed assets	185		-	
Provision for land reclamation costs	944		522	
Share of profits of a Related Company	(1,397)		(542)	
Losses in Overseas Partnership	211		-	
Loss on disposal of Businesses(Note 26)	12	3,071	-	3,160
		28,238		17,375
<b>Funds from other Sources</b>				
Dividend from a Related Company	381		143	
Conversion of Loan Stock	3,126		1,228	
Disposal of Businesses (Note 26)	893	4,400	-	1,371
		32,638		18,746
<b>Application of Funds</b>				
Dividends Paid	4,074		3,232	
Tax Paid	1,642		1,898	
Purchase, less Disposal of Fixed Assets	5,620		6,081	
Purchase of an Interest in a Related Company	-		6,347	
Purchase of other fixed asset Investments	430		74	
Purchase of current asset Investment	1,418		-	
Loan Stock Conversion	3,126		1,228	
Repayment of Short Term Loans	-		29	
Land reclamation expenditure	656		50	
Acquisition of Businesses (Note 26)	911		-	
Loss on Exchange *	27		-	
		17,904		18,939
Increase/(Decrease) in Working Capital		14,734		(193)
<b>Composition of Increase/(Decrease) in Working Capital:</b>				
Stocks	(5,242)		(1,676)	
Debtors	7,417		3,043	
Creditors	(10,391)	(8,216)	(837)	530
<b>Movement in net liquid funds</b>				
Cash at Bank and in hand	18,852		(2,104)	
Bank Loans and Overdrafts	4,098	22,950	1,381	(723)
		14,734		(193)
* Total profit on exchange	135			
less attributable to investment in a related company	162			
	27			

London Brick PLC and Subsidiary Companies  
NOTES ON ACCOUNTS

**Note 1 Accounting Policies-1983**

**Change in Presentation of Accounts**

The accounts for 1983 and the corresponding figures for 1982 are presented to comply with the new format and disclosure requirements of the Companies Act 1981.

**Change in Accounting Policies**

From the 1st January 1983 profits for the year of an overseas related company have been translated into sterling at the rates ruling at the year-end; previously average rates of exchange were applied. Had this policy been adopted for 1982 the effect on the reported profit for that year would not have been material.

**Accounting Convention**

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

**Group Consolidation**

The group accounts comprise a consolidation of the accounts of the parent company and all its subsidiaries made up to 31st December. The results of subsidiaries acquired during any year are dealt with from their effective dates of acquisition, any goodwill arising on acquisition being written-off directly to reserves in the year of acquisition.

On the disposal of subsidiaries or the discontinuance of businesses, the trading results, assets and liabilities of the subsidiaries which have been disposed of or the businesses which have been discontinued are included in the financial statements up to the date of sale or decision to cease operations. Profits or losses attributable to the sale or discontinuance are dealt with as extraordinary items.

The group share of profits less losses of related companies is included on the equity accounting basis where significant commercial and financial influence exists and the group interest approximates to 20% or more. The company so treated is stated in Note 15. Investments in related companies are included in the consolidated balance sheet at the group's share of the net assets of the related companies, less discount on acquisition.

**Currency Translation**

On consolidation trading results, assets and liabilities are translated into sterling at the rates ruling at the year-end. All exchange differences are taken directly to reserves.

**Turnover**

is the amount invoiced by the Group, exclusive of VAT, for goods and services to outside customers after deduction of trade discounts.

**Deferred Taxation**

represents corporation tax calculated on the liability basis deferred by accelerated capital allowances and other timing differences, where it is thought reasonably probable that an actual tax liability will arise in the foreseeable future, less recoverable advance corporation tax. No provision is made for taxation on surpluses on revaluation of assets in respect of any chargeable gains unless sales are likely in the foreseeable future.

### **Tangible Fixed Assets**

In 1967, the Group's assets, other than mobile plant, were professionally valued. All subsequent additions are included at cost, less grants received, with the exception of certain assets acquired in 1971, 1977 and 1980 which are at professional valuation. Upon the re-organisation of the Group certain tangible fixed assets of the parent company were transferred to subsidiary companies at net book value. Profits and losses arising from the disposal of all tangible fixed assets are included in trading profit.

### **Depreciation**

is provided to write down all tangible fixed assets to disposable values over their estimated useful lives. Where works are permanently taken out of use the residual balances are written off. The following table sets out for each major class of depreciable asset the depreciation rates applied on a straight line or reducing balance basis as appropriate:-

#### **Land and Buildings:**

Freehold Claybearing Land: Amortised as extracted on a hectares basis.

Freehold Buildings: 2% per annum on cost or valuation.

Leasehold Buildings: Amortised over the unexpired period of the lease.

#### **Plant and Machinery:**

Fixed: 4% - 12% per annum on cost or valuation.

Mobile: 8½% - 20% per annum on cost.

#### **Fixtures, Fittings, Tools and Equipment:**

5% - 25% per annum on cost or valuation.

### **Research and Development**

expenditure is written off in the period in which it is incurred.

### **Leasing**

The rentals payable on all leases are written-off against profits. Assets and the obligation to pay future rentals are not shown on the balance sheet. Details of future commitments are summarised in Note 25.

### **Investments**

are included at cost

### **Stocks**

are valued at the lower of average cost or estimated net realisable value. Cost in relation to manufactured products is the cost of labour and materials with appropriate additions for overhead expenses. Long term contracts work in progress is valued at cost plus attributable profit, less foreseeable losses and progress payments received and receivable.

### **Pension Contributions**

The group operates pension schemes for the benefit of all its employees. The funds of the schemes are administered by Trustees, are separate from the group, and independent actuaries complete valuations every 3 years. In accordance with their recommendations, annual contributions are paid to the schemes so as to secure the benefits set out in the rules and the augmentation of current pensions from time to time. The cost of these is charged against profits when the contributions are made. When the contributions are not sufficient the capital cost of such augmentation is charged against the profits of the group for the year in which the increases are granted.

### Reclamation Provision

The provision relates to the current costs of capping the pit areas in landfill operations and the final form of land restoration which returns the pit areas to a condition suitable for subsequent use. The estimated current cost of capping and final restoration based on the tonnage of landfill material deposited and clay extracted respectively in the period is charged against profits and credited to the provision, which is reviewed annually for its adequacy. Actual costs are charged against the provision when incurred.

	Turnover				Operating Profit			
	1983		1982		1983		1982	
	£000	%	£000	%	£000	%	£000	%
<b>2 Analysis of Turnover and Operating Profit before Taxation</b>								
Clay Products	116,785	80	95,963	70	16,835	69	12,189	76
Prefabricated Structures, Home and Garden Wares	17,398	12	31,844	23	1,260	5	522	3
Services, Farm Sales and Rents	11,197	8	9,649	7	6,420	26	3,406	21
	<u>145,380</u>		<u>137,456</u>		<u>24,515</u>		<u>16,117</u>	
<b>3 Operating Profit is stated After charging</b>								
Emoluments of Directors of the Parent Company (Note 13)					431		377	
Remuneration of Auditors					168		168	
Depreciation of Tangible Fixed Assets					3,116		3,180	
Hire of Plant and Machinery					2,214		2,361	
<b>After crediting</b>								
Net Rental Income					<u>684</u>		<u>614</u>	
<b>4 Related Company</b>								
Dividends received from a related company which is listed, amounted to £381,000 (1982 £141,000)								
<b>5 Income from Other Fixed Asset Investments</b> (excluding dividends from a related company - Note 4)								
Listed					75		43	
Surplus on disposal of overseas partnership					<u>60</u>		<u>-</u>	
					<u>135</u>		<u>43</u>	
<b>6 Other Interest Receivable and Similar Income</b>								
Other Investment Income, including Deposit Interest					712		283	
Listed					<u>52</u>		<u>-</u>	
					<u>764</u>		<u>283</u>	
<b>7 Interest Payable and Similar Charges</b>								
14% Convertible Unsecured Loan Stock					182		508	
Bank Borrowing and Loans wholly repayable within five years					<u>189</u>		<u>1,049</u>	
					<u>371</u>		<u>1,657</u>	

		<u>1983</u>		<u>1982</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
8 Tax on Profit on Ordinary Activities				
UK Corporation Tax @ 50.5% (1982 52%)	10,032		5,150	
Tax credits on UK dividends received	15		2	
Deferred Taxation	245		(791)	
	<hr/>		<hr/>	
Overseas Taxation		10,292		4,361
Relief for Overseas Taxation	539		227	
	(249)		(163)	
	<hr/>		<hr/>	
		290		64
		<hr/>		<hr/>
Adjustment in respect of previous years:		10,582		4,425
Corporation Tax	(537)		(32)	
Deferred Taxation	( 37)		(33)	
	<hr/>		<hr/>	
		(574)		(65)
		<hr/>		<hr/>
		10,008		4,360
		<hr/>		<hr/>

Overseas taxation includes £475,000 (1982 £193,000) in respect of the group's share of the profits of a related company.

Had full provision been made for deferred taxation, under existing legislation, the charge for Corporation Tax on the taxable profit would have been increased by £1,213,000 (1982 £2,888,000). The effect of the proposed changes to the legislation announced by the Chancellor on 13th March 1984 would be to credit the profit and loss account with £4,902,000.

		<u>1983</u>	<u>1982</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
9 Extraordinary Items after Taxation			
Extraordinary Income:			
Amount written off Fixed Assets, Works Closures			
Taxation relief thereon	-	(226)	
Transfer from Reserves	-	(22)	
Profit on sale of Investment	-	248	
	(59)	(128)	
Extraordinary Charges:			
Loss on disposals of businesses		(59)	(128)
Discontinuance and termination costs	45	-	
Re-organisation costs	873	765	
Acquisition costs	142	183	
Provision for diminution in value of Fixed Assets	87	297	
	185	-	
		<u>1,332</u>	<u>1,245</u>
Extraordinary Loss		<u>1,273</u>	<u>1,117</u>
Attributable Taxation relief		32	288
		<u>1,241</u>	<u>829</u>
10 Profit for the Financial Year			
The profit dealt with in the accounts of London Brick PLC is		12,558	8,050
A separate profit and loss account dealing with the results of the company only has not been presented as permitted under section 149(5) of the Companies Act 1948.			

	<u>1983</u>	<u>1982</u>
	<u>£000</u>	<u>£000</u>
11 Dividends		
On 8% (now 5.6% plus tax credit) Cumulative Preference Stock	22	22
On Ordinary Stock:		
Interim paid 31st October 1983 1.2681p (0.9755p)* per unit	1,772	1,252
Proposed final NIL (1.7766p)* per unit	-	2,281
	<u>1,794</u>	<u>3,555</u>

\*After adjustment for the bonus issue

- 12 Earnings per Ordinary Stock Unit have been calculated by dividing the profit on ordinary activities after taxation and preference stock dividends of £16,410,000 (1982 £10,946,000) by the 139,727,176 Ordinary Stock Units

13 Employees	Number	Number
The average weekly number of employees of the Group during the year was		
Clay Products	5,210	5,260
Prefabricated Structures, Home & Garden Wares	774	1,545
Services, Farm Sales and Rents	276	231
	<u>6,260</u>	<u>7,036</u>

Their aggregate remuneration was

	<u>£000</u>	<u>£000</u>
Wages and Salaries	51,000	50,432
Social security costs	5,472	5,819
Other Pension costs	2,428	2,269
	<u>58,900</u>	<u>58,520</u>

Number of employees earning £30,000 and over

	<u>£000</u>	<u>£000</u>
	-	-

#### Directors' Emoluments

As Executives including contributions to pension scheme	419	370
Non-Executive Directors	12	7

Charged against Profit on Ordinary Activities before taxation (Note 3) 431 377

Emoluments (excluding pension contributions) of the Chairman and Highest Paid Director 55,746 50,569

Other Directors' Emoluments are within the following bands

	Number	Number
Up to £7,000	3	3
£7,001 to £10,000	-	2
£10,001 to £15,000	2	2
£15,001 to £20,000	2	-
£20,001 to £50,000	1	1

## NOTES ON ACCOUNTS continued

	Land and Buildings Freehold £000	Leasehold <sup>†</sup> £000	Plant and Machinery £000	Fixtures Fittings Tools and Equipment £000	Payments on account and Assets in course of Construction £000	Total £000
<b>4. Tangible Fixed Assets Group</b>						
At 1st January 1983:						
Professional Valuation - 1967	9,260	-	6,998	15	-	16,273
Professional Valuation - 1971	1,069	-	750	-	-	1,819
Professional Valuation - 1977	248	-	-	-	-	248
Professional Valuation - 1980	4,081	109	-	-	-	4,190
Cost	<u>9,292</u>	<u>2,123</u>	<u>34,750</u>	<u>2,662</u>	<u>5,358</u>	<u>54,185</u>
	23,950	2,232	42,498	2,677	5,358	76,715
Acquisition of Company	264	-	-	-	-	264
Additions during year at cost	1,507	7	5,872	824	(1,015)	7,195
Transfers	-	-	-	-	-	-
Disposals during year at valuation or cost	<u>(3,575)</u>	<u>(208)</u>	<u>(3,576)</u>	<u>(483)</u>	<u>-</u>	<u>(7,842)</u>
At 31st December 1983:						
Professional Valuation - 1967	9,134	-	6,842	15	-	15,991
Professional Valuation - 1971	795	-	750	-	-	1,545
Professional Valuation - 1977	248	-	-	-	-	248
Professional Valuation - 1980	1,250	-	-	-	-	1,250
Cost	<u>10,719</u>	<u>2,031</u>	<u>37,202</u>	<u>3,003</u>	<u>4,343</u>	<u>57,298</u>
	22,146	2,031	44,794	3,018	4,343	76,332
Amounts written off at 1st January 1983:	4,363	437	21,917	1,386	-	28,103
Acquisition of Company	53	-	-	-	-	53
Depreciation charge for year	359	67	2,468	222	-	3,116
Written back re disposals	(403)	(115)	(2,710)	(378)	-	(3,606)
Provision for diminution in value	<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185</u>
Total	<u>4,557</u>	<u>389</u>	<u>21,675</u>	<u>1,230</u>	<u>-</u>	<u>27,851</u>
Net Total at 31st December 1983	<u>17,589</u>	<u>1,642</u>	<u>23,119</u>	<u>1,788</u>	<u>4,343</u>	<u>48,481</u>
Net Total at 31st December 1982	<u>19,587</u>	<u>1,795</u>	<u>20,581</u>	<u>1,291</u>	<u>5,358</u>	<u>48,612</u>

<sup>†</sup> Leases with more than 50 years to run: Cost £589,000. Written down value at 31st December 1983, £534,000

<sup>†</sup> Leases with less than 50 years to run: Cost £1,442,000. Written down value at 31st December 1983, £1,108,000.

It is not possible to give the comparable amounts determined according to the historical cost accounting rules for assets included at valuations or the differences between those amounts and the corresponding amounts actually included in the balance sheet in respect of those assets since the historical values relating to those assets are no longer available.

London Brick PLC

## NOTES ON ACCOUNTS continued

	Land and Freehold £000	Buildings Leasehold <sup>1</sup> £000	Plant and Machinery £000	Fixtures Fittings Tools and Equipment £000	Payments on account and Assets in course of Construction £000	Total £000
<b>4. Tangible Fixed Assets</b>						
London Brick PLC.						
At 1st January 1983:						
Cost	-	380	91	170	-	641
	-	380	91	170	-	641
Additions during year at cost	-	-	69	13	17	99
Disposals during year at valuation or cost	-	-	(31)	(1)	-	(32)
At 31st December 1983:						
Cost	-	380	129	182	17	708
Total	-	380	129	182	17	708
Amounts written off at 1st January 1983:	-	62	41	122	-	225
Depreciation charge for year	-	7	12	16	-	35
Intra group transfers	-	-	-	-	-	-
Written back re disposals	-	-	(19)	(1)	-	(20)
Total	-	69	34	137	-	240
Net Total at 31st December 1983	-	311	95	45	17	468
Net Total at 31st December 1982	-	318	50	48	-	416

<sup>1</sup> Leases have less than 50 years to run.

London Brick PLC and Subsidiary Companies  
NOTES ON ACCOUNTS continued

	Related Company Shares £000	Loans £000	Other Investments Other than Loans £000	Total £000
5 Fixed Asset Investments: Group				
At 1st January 1983	6,957	1,049	262	8,268
Discount on acquisition	1,206	-	-	1,206
	5,751	1,049	262	7,062
Share of retained profits/ (losses) for year	1,397	-	(211)	1,186
Less Taxation	(475)	-	-	(475)
Less Dividend	(381)	-	-	(381)
Difference on Exchange transferred to Profit and Loss Account (note 24)	142	20	-	162
Additions	-	-	430	430
Convertible unsecured loan notes converted	24	(24)	-	-
At 31st December 1983				
Cost	-	1,045	692	1,737
Share of net assets other than goodwill	7,664	-	-	7,664
Discount on acquisition	(1,206)	-	-	(1,206)
Amounts written-off	-	-	(211)	(211)
	6,458	1,045	481	7,984

The cost of the investment in a related company amounted to £5,404,000 (1982: £5,380,000).

Other Investments other than loans includes:

(i) an investment representing 700,000 Ordinary Shares of E 1 each in Langa National Brick Works (Pty) Limited incorporated in Swaziland. This holding is equal to 19.44% of the ordinary share capital and 17.50% of the equity of the company. The company has not yet commenced to trade.

(ii) A 50% interest in a partnership operating in the United States of America operating a leisure facility.

Name of Related Company	Country of Incorporation and operation	Holding	Proportion held	
			1983	1982
Brick and Pipe Industries Limited	Australia	Ordinary Shares	19.99%	19.99%
		Convertible Unsecured Loan Notes	19.08%	19.96%

The investments in a related company are listed on the Melbourne Stock Exchange and have market values of:

Ordinary shares £8,519,000 (1982 : £4,729,000)  
Convertible Unsecured Loan Notes £1,405,000 (1982 : £862,000)

London Brick PLC and Subsidiary Companies  
Notes on Accounts continued

Fixed Asset Investments: London Brick PLC.

	Group Companies'	Other Investments Other than	Total
	Shares	Loans	
	£000	£000	£000
Shares at cost, less distribution of pre-acquisition profits and amounts written off at 1st January 1983	71,502	31	71,533
Additions	-	2	2
Provision for diminution in value	(1,649)	-	(1,649)
Net book value at 31st December 1983	<u>69,853</u>	<u>33</u>	<u>69,886</u>
This represents:			
Cost	78,358	33	78,391
Amounts written off	<u>8,505</u>	<u>-</u>	<u>8,505</u>
	<u>69,853</u>	<u>33</u>	<u>69,886</u>

All subsidiary companies are wholly owned and incorporated and operating in the United Kingdom with the exception of London Brick Australia Pty Limited incorporated and operating in Australia. Details of the principal companies are given on page 2.

	1983 £000	1982 £000
Stocks		
Group stocks comprise:		
Long term work in progress	3,103	-
Less: amounts received and receivable	<u>2,795</u>	<u>-</u>
	308	-
Short term work in progress	3,181	2,918
General and consumable stores	7,472	8,997
Finished products	<u>8,071</u>	<u>15,212</u>
	<u>19,032</u>	<u>27,127</u>
If the stocks were stated at replacement cost the above amounts would be increased by	<u>333</u>	<u>1,771</u>
London Brick PLC stocks comprise:		
General and consumable stores	<u>7</u>	<u>6</u>

	1983 £000	Group 1982 £000	London Brick PLC. 1983 £000	1982 £000
Debtors				
Trade debtors	19,958	18,182	311	229
Amounts owed by subsidiary companies	-	-	24,837	15,701
Other debtors	305	57	-	-
Corporation tax recoverable	59	1,116	56	1,116
Prepayments and accrued income	1,332	1,729	55	95
Deferred taxation relief (Note 18)	<u>341</u>	<u>1,536</u>	<u>-</u>	<u>1,126</u>
	<u>21,995</u>	<u>22,620</u>	<u>25,259</u>	<u>18,267</u>
Amounts falling due after more than 1 year:				
Trade debtors	50	198	-	-
Other debtors	13	13	-	-
Deferred taxation relief	<u>121</u>	<u>102</u>	<u>-</u>	<u>-</u>
	<u>184</u>	<u>313</u>	<u>-</u>	<u>-</u>

	1983 £000	Group 1982 £000	London Brick PLC 1983 £000	1982 £000
8 Deferred Taxation				
Provision made within the accounts				
Corporation Tax deferred:				
Accelerated capital allowances	(70)	(167)	-	-
Other timing differences	406	721	(38)	144
Advance Corporation Tax recoverable	336	554	(38)	144
	5	982	5	982
Net amount of Deferred Tax relief (Notes 17 and (20))	341	1,536	(33)	1,126
Estimated Potential Liability				
Corporation Tax deferred:				
Accelerated capital allowances	12,660	17,356	43	47
Other timing differences	(149)	(185)	12	(94)
Advance Corporation Tax recoverable	12,511	17,171	55	(47)
	(5)	(982)	(5)	(982)
Net amount of Potential Liability/(Asset)	12,506	16,189	50	(1,029)

The provision and the potential liability for deferred taxation take into account the proposed legislation in relation to Accelerated Capital Allowances and the rates of Corporation Tax announced in The Chancellor's Statement on 13th March 1984 (see Note 8).

9 Current Asset Investment

The investment (Group and London Brick PLC) represents an investment listed on a recognised Stock Exchange at cost (1982 Nil). The market value of this investment at 31st December 1983 was £2,050,000 (1982 Nil) and if it had been sold at this value there would have been a liability to tax of £190,000 (1982 Nil) on the Capital Gain arising from the sale. This investment was sold in February 1984 realising £2,239,000. The liability to tax on this disposal is £246,000.

	1983 £000	Group 1982 £000	London Brick PLC 1983 £000	1982 £000
10 Creditors: amounts falling due within one year				
14% Convertible unsecured loan stock 1984 (Note 21)	1,169	-	1,169	-
Bank loans and overdrafts	573	4,671	26,873	1,000
Trade creditors	5,513	8,855	517	645
Amounts owed to subsidiary companies	-	-	2,453	15,382
Other creditors	718	601	5	315
Corporation tax payable	3,006	2,937	921	1,022
Other taxes and social security	7,730	5,436	3,849	3,012
Accruals and deferred income	5,231	4,790	126	355
Proposed dividend	11	2,291	11	2,291
Deferred taxation (Note 18)	-	-	33	-
	23,951	29,581	35,957	24,022

	<u>1983</u> <u>£000</u>	<u>Group</u> <u>1982</u> <u>£000</u>	<u>London Brick PLC</u> <u>1983</u> <u>£000</u>	<u>1982</u> <u>£000</u>
21. Creditors: amounts falling due after more than one year				
14% Convertible unsecured loan stock, 1984	-	4,295	-	4,295
Corporation tax	<u>7,081</u>	<u>1,554</u>	<u>-</u>	<u>163</u>
	<u>7,081</u>	<u>5,849</u>	<u>-</u>	<u>4,458</u>
Corporation tax falling due after more than one year is payable as follows:-				
1st January 1985	170	534	-	163
1st March 1985	<u>6,911</u>	<u>1,020</u>	<u>-</u>	<u>-</u>

14% Convertible unsecured loan stock 1984. This stock is convertible at the option of the Stockholder into Ordinary Stock of the Company in any of the years 1977 to 1984 at a rate of two ordinary units of 25p for every 55p nominal of the Stock. Otherwise it is repayable at par on 31st December 1984. Movements during the year were as follows:

	<u>Nominal</u> <u>Value</u> <u>£</u>	<u>Equivalent</u> <u>Ordinary</u> <u>Stock Units</u>
At 1st January 1983	4,295,594	7,810,173
Capitalisation Issue	-	7,810,173
Stock Converted	<u>(3,126,051)</u>	<u>(11,367,458)</u>
At 31st December 1983	<u>1,169,543</u>	<u>4,252,888</u>
Amount convertible within one year included in current liabilities (Note 20)		

	<u>1983</u> <u>£000</u>	<u>1982</u> <u>£000</u>
22. Provision for Liabilities and Charges		
Group	624	152
At 1st January 1983	944	522
Transfer from profit and loss account	<u>(656)</u>	<u>(50)</u>
Payments during the year	<u>912</u>	<u>624</u>
At 31st December 1983		

The provision relates to land reclamation costs.

	8% Cumulative Preference Stock*	Ordinary Stock	Ordinary Shares	Total
	£000	£000	£000	£000
<b>23 Called Up Share Capital</b>				
Authorised				
at 1st January 1983	400	16,045	5,555	22,000
Shares converted to Stock on issue	-	2,842	(2,842)	-
Increase during the year on Capitalisation Issue	-	16,045	(45)	16,000
at 31st December 1983	400	34,932	2,668	38,000
Issued, allotted and fully paid				
at 1st January 1983	400	16,045		16,445
on Loan Stock Conversion	-	2,842		2,842
on Capitalisation Issue	-	16,045		16,045
at 31st December 1983	400	34,932		35,332

\* Now 5.6% plus tax credit. The Ordinary Stock is transferable in units of 25p.

	Group	London Brick PLC
	£000	£000
<b>24 Reserves</b>		
Share Premium Account		
at 1st January 1983	1,362	1,362
Premium on Shares Issued in year	284	284
Amount applied in the capitalisation issue of Ordinary Stock	(1,362)	(1,362)
At 31st December 1983	284	284
Other Reserve		
Capital Reserve		
at 1st January 1983	1,723	694
Transfer to Profit and Loss account - surplus on realisation of tangible fixed assets	855	-
Amount applied in the capitalisation issue of Ordinary Stock	(374)	(374)
At 31st December 1983	494	320
Profit and Loss Account		
at 1st January 1983	51,436	47,644
Transfer from Other Reserve	855	-
Retained Profit for the Financial Year *	13,397	10,764
Profit/(Loss) on Exchange: Fixed Asset Investment (Note 15)	162	-
Other	(27)	-
Amount applied in the capitalisation issue of Ordinary Stock	(14,309)	(14,309)
Goodwill on acquisition written off	(220)	-
At 31st December 1983	51,294	44,099

\*Includes £749,000 (1982 £208,000) profit retained by a related company.

London Brick PLC and Subsidiary Companies  
NOTES ON ACCOUNTS continued

	Group		London Brick PLC	
	1983	1982	1983	1982
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>25 Financial Commitments and Contingent Liabilities</b>				
Contracts placed for capital expenditure and not provided for in these accounts	1,015	1,974	-	9
Capital Expenditure authorised by the Directors but not contracted for	3,512	3,694	14	-
Minimum future finance lease payments are as follows :				
Payable within				
1 year	515	948	-	-
2 years	144	515	-	-
3 years	21	144	-	-
4 years	10	21	-	-
5 years	5	10	-	-
Thereafter	-	-	-	-
Other Contingent Liabilities	2,717	1,776	1,111	1,776

Other Financial Commitments:-

An offer by London Brick PLC to acquire the whole of the share capital, issued and to be issued, of The Claughton Manor Brick PLC became unconditional on 6th January 1984. The consideration of £2,000,000 was satisfied by the issue of 1,497,976 London Brick 25p stock units (market value £1,962,349) and cash of £37,651.

Under an agreement dated 6th January 1984 London Brick PLC acquired the whole of the issued share capital of Milton Hall (Southend) Brick Company Limited for a consideration of £4,100,000 in cash. In addition London Brick PLC undertook to discharge Milton Hall's intra-group indebtedness in the sum of £400,000 and its bank overdraft in the sum of £1,500,000.

	1983		1982	
	Acquisitions	Disposals	Acquisitions	Disposals
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>26 Amounts included in Consolidated Statement of Source and Application of Funds</b>				
Supplementary information				
The outflow of funds arising on the acquisitions of businesses and the inflow of funds arising on the disposals of businesses were applied to:				
Tangible fixed assets	691	3,141	-	-
Goodwill	220	-	-	-
Stocks	-	2,853	-	-
Debtors	-	5,790	-	-
Cash at Bank and in hand	-	13	-	-
Creditors (including taxation)	-	(10,881)	-	-
Deferred taxation	-	(11)	-	-
	911	905	-	-
	-	(12)	-	-
Loss on disposal of businesses	911	893	-	-

London Brick PLC and Subsidiary Companies  
Summary of Information 1979 to 1983

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Turnover	<u>124,795</u>	<u>123,869</u>	<u>127,089</u>	<u>137,456</u>	<u>145,380</u>
Profit on Ordinary Activities before Taxation and Depreciation	<u>15,328</u>	<u>13,551</u>	<u>14,241</u>	<u>18,508</u>	<u>29,556</u>
Depreciation	<u>2,587</u>	<u>2,809</u>	<u>3,067</u>	<u>3,180</u>	<u>3,116</u>
Profit on Ordinary Activities before Taxation	<u>12,741</u>	<u>10,742</u>	<u>11,154</u>	<u>15,328</u>	<u>26,440</u>
Taxation (1980 Relief)	<u>5,129</u>	<u>986</u>	<u>4,099</u>	<u>4,360</u>	<u>10,008</u>
Extraordinary Items less taxation (1979 Credit)	<u>2,082</u>	<u>1,091</u>	<u>3,144</u>	<u>829</u>	<u>1,241</u>
Profit for the Financial Year	<u>9,694</u>	<u>10,637</u>	<u>3,911</u>	<u>10,139</u>	<u>15,191</u>
Dividends on Preference Stock	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>
Profit for Financial Year attributable to Ordinary Stockholders	<u>9,672</u>	<u>10,615</u>	<u>3,889</u>	<u>10,117</u>	<u>15,169</u>
Dividends on Ordinary Stock	<u>2,611</u>	<u>2,676</u>	<u>3,033</u>	<u>3,533</u>	<u>1,772</u>
Retained Profit for Year	<u>7,061</u>	<u>7,939</u>	<u>856</u>	<u>6,584</u>	<u>13,397</u>
Issued Ordinary Capital in £000	14,936	15,312	15,487	16,045	34,932
Earnings per Ordinary Stock Unit of 25p	6.35p	9.56p	5.68p	8.53p	11.74p
Dividend per Ordinary Stock Unit of 25p	2.19p	2.19p	2.45p	2.75p	-
Dividend Cover	2.91	4.37	2.32	3.10	-
Capital Employed in £000	68,859	69,644	68,642	75,885	89,485
Net Assets per Ordinary Stock Unit of 25p	<u>47.98p</u>	<u>50.31p</u>	<u>50.48p</u>	<u>54.98p</u>	<u>62.27p</u>

Extraordinary items are excluded from the calculation of earnings per Ordinary Stock Unit and dividend cover.

Earnings, Dividends and Net Assets per Ordinary Stock Unit are calculated on the Called up Ordinary Capital as shown after adjusting for the one for one capitalisation issue in 1983. The dividend and dividend cover for 1983 is not given since no final dividend is to be paid owing to the acquisition of the company on 28th February, 1984 by Hanson Trust PLC. Taxation relief in 1980 arises from a change in the taxation legislation relating to stock relief.

Net Assets exclude deferred taxation.