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EDWARD HUGHES & CO. (TIMBER) LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 1985



EDWARD HUGHES & CO. (TIMBER) LIMITED
REPORT OF THE DIRECTORS

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The Directors present their report with financial statements of the Company for the year ended 30th June 1985

ACTIVITIES

As indicated in last year's Report, as part of a Group re-organisation the net trading assets of the Company were transferred to Mallinson-Denny (U.K.) Ltd. on 2 July 1984 and on the same day the Company entered into an agreement with that company whereby the Company became its agent and the beneficial interest in all of the Company's then and future activities passed to it.

During the year the Company has traded only in such agency capacity as a timber importer and merchant and accordingly has made neither a profit nor a loss.

The directors do not envisage initiating any change in the Company's role or activities for the foreseeable future.

FIXED ASSETS

The transfer of the Company's entire fixed assets to Mallinson-Denny (U.K.) Limited was incorporated in the transaction on 2 July 1984 referred to above.

FINANCIAL

The Directors do not recommend the paying of a dividend.

DIRECTORS

The Directors of the Company during the year were:

F.F. Andrew	
A.C. Lindop	(resigned 31.12.84)
J. McCreath	
I.D. McLean	(resigned 30.9.85)
J.B. Tattersall	
P. Tattersall	(resigned 31.12.84)
S. Gray	(appointed 1.1.85)

Since the end of the year Messrs. J.G. Dyke and T.S. Mallinson were appointed directors of the Company on 6 August and 9 August respectively. Messrs. I.D. McLean and S. Gray resigned from the board on 30 September and 7 August respectively.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURE

According to the register kept under s.325 of the Companies Act 1985, the interests, if any, of the directors in the shares and debenture of Brooke Bond Group plc and Unilever PLC the Company's ultimate holding companies at the commencement and end of the year respectively, were as follows:

	Brooke Bond Group plc-	Unilever PLC-
	<u>Ordinary Shares</u>	<u>8% Unsecured</u>
		<u>Loan Notes</u>
J B Tattersall	1.7.1984 10,000	
	30.6.1985	16,500

The interests of Messrs. F.F. Andrew and I.D. McLean are disclosed in the report of Mallinson-Denny Limited. None of the directors had, at any time, during the year, an interest in the shares or debenture of any other Group Company.

EMPLOYMENT POLICIES

(i) Employee Involvement

The directors acknowledge the importance of good communications and relations with their employees and believe that staff should be aware of matters which affect the Company they serve. To this end during the year:

Information was provided to employees by means of News Letters Management briefings and Notice Board announcements.

The financial results of the Company were incorporated in an annual report to employees, issued by the Company's holding company, Brooke Bond Group plc, which related their own company's divisional performance to that of the Group as a whole.

Further involvement of employees was aided through the Company's participation in the Brooke Bond Group Employees Share Purchase Scheme, membership of which was available to all U.K. employees over 18 upon completion of a one - year service qualification period. In accordance with the rules, the Scheme was wound up when Unilever PLC became the company's new ultimate holding company.

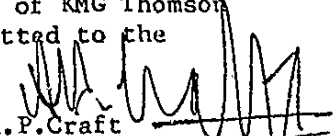
(ii) Employment of Disabled Persons

During the year the Company maintained its policy of giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. As far as was possible, arrangements were made to continue the employment of those employees who became disabled during the course of their employment and where appropriate, arrangements were made for training or the provision of special aids. It was the policy of the Company to provide disabled persons, within the limitations of their aptitudes and skills, with the same opportunities for training, career development and promotion that were available to all employees.

AUDITORS

The auditors, Thomson McLintock & Co., changed their name on 1 April 1985 to KMG Thomson McLintock and accordingly have signed their audit report in their new name. A resolution concerning the reappointment of KMG Thomson McLintock as auditors and their remuneration will be submitted to the annual general meeting.

130 Hackney Road
London E2 7QR
21 October 1985


A.P. Craft
Secretary

AUDITORS' REPORT TO THE MEMBERS OF
EDWARD HUGHES & CO. (TIMBER) LIMITED

We have audited the financial statements on pages 4 to 6 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 30 June 1985 and comply with the Companies Act 1985.

KMG. Thom McLintock

KMG THOMSON McLINTOCK

Chartered Accountants.

London

21 October 1985

EDWARD HUGHES & CO. (TIMBER) LIMITEDBALANCE SHEETAs at 30 June 1985

	<u>Notes</u>	<u>1985</u>		<u>1984</u>	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets			-		173
CURRENT ASSETS					
Stocks		-		1,673	
Debtors	3	<u>10</u>	<u>10</u>	<u>1,955</u>	<u>3,628</u>
			10		3,801
CREDITORS					
Amounts falling due within one year	4	<u>-</u>		<u>(3,791)</u>	
NET CURRENT LIABILITIES			<u>-</u>		<u>(3,791)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10</u>		<u>10</u>
CAPITAL AND RESERVES					
Called up share capital	5		<u>9</u>		<u>9</u>
Profit and loss account			<u>1</u>		<u>1</u>
			10		10

F.F. Andrew
J.G. Dyke

F.F. ANDREW

Director

J.G. DYKE

Director



EDWARD HUGHES & CO. (TIMBER) LIMITEDNOTES

(forming part of the financial statements)

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The effects of events relating to the year ended 30 June 1985 which occurred before 21 October 1985, the date of approval of the financial statements by the Board of Directors, have been included in statements to the extent required to show a true and fair view of the state of affairs at 30 June 1985 and of the results for the year ended on that date.

2. PROFIT AND LOSS ACCOUNT

The company has traded during the year only as an agent for Mallinson-Denny (U.K.) Ltd. It has not traded on its own account, and accordingly has no movement in revenue account and therefore no profit and loss account has been prepared.

3. DEBTORS: DUE WITHIN ONE YEAR

	<u>1985</u>	<u>1984</u>
	£'000	£'000
Trade debtors	-	1,838
Amounts owed by fellow subsidiaries	10	70
Other debtors	-	-
Prepayments and accrued income	-	47
	<u>10</u>	<u>1,955</u>
	=====	=====

4. CREDITORS: DUE WITHIN ONE YEAR

	<u>1985</u>	<u>1984</u>
	£'000	£'000
Trade creditors	-	805
Bank overdraft	-	61
Amounts owed to group companies:		
intermediate parent	-	2,268
fellow subsidiaries	-	68
Tax and social security	-	116
Other creditors	-	88
Proposed dividend	-	385
	<u>-</u>	<u>3,791</u>
	=====	=====

EDWARD HUGHES & CO. (TIMBER) LIMITEDNOTES

(Forming part of the financial statements)

5.. CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>			
	<u>1985</u>	<u>1984</u>	<u>1985</u>		<u>1984</u>	
	<u>£</u>	<u>£</u>	<u>No.</u>	<u>£'000</u>	<u>No.</u>	<u>£'000</u>
Ordinary shares of £1 each	10,000	10,000	8,900	9	8,900	9
	=====	=====	=====	===	=====	===

6. ULTIMATE PARENT COMPANY

At the year end the Company's ultimate holding company was Unilever PLC, which is incorporated in Great Britain. From 9 August 1985 the Company's ultimate holding company has been Mallinson Denny Group Limited which is incorporated in Great Britain.

7. GUARANTEES

On 9 August 1985 the external borrowings and borrowings from Unilever PLC and its subsidiaries of the Company's holding company, Mallinson-Denny Limited, were refinanced by means of a £27,500,000 term loan repayable 1987 to 1991 and a £35,000 bank borrowing facility available until 31 December 1991. Both borrowings are secured by first fixed and floating charges on all the assets and undertakings of the Company, certain of its fellow subsidiaries and Mallinson-Denny Limited.

8. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved the financial statements on
21 October 1985