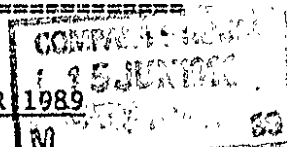


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JACKSONS (WARWICKSHIRE) BRICKWORKS LIMITED

ACCOUNTS -- 30 SEPTEMBER 1989

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS



JACKSONS (WARWICKSHIRE) BRICKWORKS LIMITED

DIRECTORS' REPORT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 1989

The directors' present their report on the affairs of the company, together with the accounts and auditors' report for the nine months ended 30 September 1989.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The company recorded a profit of £65,000 for the financial period compared with nil in the prior year. The profit represents the gain on the sale of land to related parties. Except for this sale of land, the company has not traded during the period.

RESULTS AND DIVIDENDS:

The results for the period were as follows-

Accumulated deficit at 31 December 1988	£ (37,082)
Profit for the financial period	65,000
	<hr/>
Retained profit at 30 September 1989	£ 27,918
	<hr/>

The directors recommend that no dividend be paid (1988 - Nil).

DIRECTORS AND THEIR INTERESTS:

The directors who served during the period were as follows-

Lord Guernsey (resigned 12 May 1989)
C.A.R. Biddle (resigned 12 May 1989)
G.F. Murphy (appointed 12 May 1989)
J.J. Bokanson (appointed 12 May 1989)
R.L. Keeble (appointed 12 May 1989)

No directors held any interests in the company or any other group company which are required to be disclosed under Schedule 7 of the Companies Act 1985. No directors received any emoluments which are required to be disclosed under Schedule 4 of the Companies Act 1985.

FIXED ASSETS:

Information relating to changes in tangible fixed assets is given in Note 4 to the accounts.

DIRECTORS' REPORT (Continued)

AUDITORS:

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen & Co., as auditors for the ensuing year.

BY ORDER OF THE BOARD,

St. Philips House
St. Philips Place
Birmingham
B3 2PP


L.G. Alyes
Secretary

19 March 1990

ARTHUR ANDERSEN & Co.

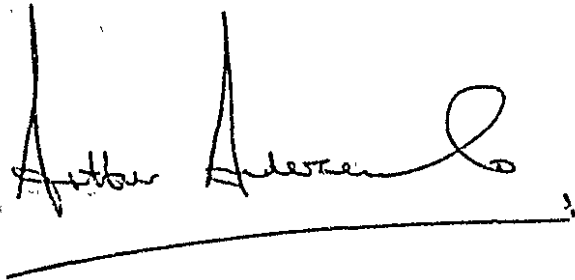
1 SURREY STREET
LONDON WC2R 2PS

Auditors' Report to the Members of JACKSONS (WARWICKSHIRE) BRICKWORKS LIMITED:

We have audited the accounts set out on pages 4 to 8 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 30 September 1989 and of the profit and source and application of funds for the nine months then ended, and have been properly prepared in accordance with the Companies Act 1985.

19 March 1990

A handwritten signature in dark ink, appearing to read 'Arthur Andersen', is written over a horizontal line. The signature is stylized with a large initial 'A' and a long, sweeping underline.

JACKSONS (WARWICKSHIRE) BRICKWORKS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 1989

	<u>Note</u>	<u>1989</u> (9 months)	<u>1988</u> (12 months)
Extraordinary item less taxation	2	£ 65,000	£ -
Retained profit for the financial period		£ 65,000 =====	£ - =====

The accompanying notes are an integral part of these accounts.

JACKSONS (WARWICKSHIRE) BRICKWORKS LIMITED

BALANCE SHEET -- 30 SEPTEMBER 1989

	<u>Notes</u>	<u>30 September 1989</u>	<u>31 December 1988</u>
FIXED ASSETS			
Tangible assets	3	<u>£895,000</u>	<u>£995,000</u>
CURRENT ASSETS			
Debtors	4	82,110	-
CREDITORS: Amounts falling due within one year	5	(30,000)	(17,890)
NET ASSETS		<u>£947,110</u>	<u>£977,110</u>
CAPITAL AND RESERVES			
Called up share capital	6	£ 53,076	£ 53,076
Share premium account	7	15,000	15,000
Revaluation reserve		851,116	946,116
Profit and loss account		27,918	(37,082)
TOTAL CAPITAL EMPLOYED		<u>£947,110</u>	<u>£977,110</u>

SIGNED ON BEHALF OF THE BOARD

J.J. Hokanson

J.J. Hokanson
Directors

G.F. Murphy

Gerald F. Murphy

19 March 1990

The accompanying notes are an integral part of this balance sheet.

JACKSONS (WARWICKSHIRE) BRICKWORKS LIMITED

NOTES TO THE ACCOUNTS -- 30 SEPTEMBER 1989

1. ACCOUNTING POLICIES:

a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of fixed assets.

b) Depreciation

No depreciation is provided on freehold land. The company holds no other fixed assets.

2. EXTRAORDINARY ITEM:

The extraordinary item relates to the sale during the year of a parcel of land for a consideration of £100,000. The gain on the sale of £65,000 represents the proportion of the revaluation reserve released to the profit and loss account corresponding to the land sold amounting to £95,000 less capital gains tax of £30,000. The land was sold to a former director of the company.

3. TANGIBLE FIXED ASSETS:

The following is included in the net book value of tangible fixed assets.

	30 September 1989	31 December 1988
Freehold land	£895,000 =====	£ 995,000 =====

The movement in the period was as follows-

	Freehold land
COST OR VALUATION-	
At 1 January 1989	£ 995,000
Disposals	(100,000)
At 30 September 1989	£ 895,000 =====

Fixed assets are shown at the value placed upon them by a firm of chartered surveyors at 31 December 1986, and have been valued on the basis of fair market value.

The comparable value of freehold land if determined according to the historical cost convention would be £43,884 (1988 - £48,884). Taxes of approximately £298,000 would arise if the freehold land were disposed of at their revalued amount.

NOTES TO THE ACCOUNTS (Continued)

4. DEBTORS:

	<u>30 September 1989</u>	<u>31 December 1988</u>
Amounts falling due within one year-		
Amounts owed by immediate parent company	£ 82,110 =====	£ - =====

5. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

	<u>30 September 1989</u>	<u>31 December 1988</u>
UK corporation tax payable	£ 30,000	£ -
Amounts owed to other group companies	-	17,890
	----- £ 30,000 =====	----- £ 17,890 =====

6. CALLED-UP SHARE CAPITAL:

	<u>30 September 1989</u>	<u>31 December 1988</u>
Authorised-		
47,600 ordinary shares of £0.01 each	£ 476	£ 476
55,524 deferred ordinary shares of £1 each	55,524	55,524
	----- £ 56,000 =====	----- £ 56,000 =====
	<u>30 September 1989</u>	<u>31 December 1988</u>
Allotted, called-up and fully paid-		
47,600 ordinary shares of £0.01 each	£ 476	£ 476
52,600 deferred ordinary shares of £1 each	52,600	52,600
	----- £ 53,076 =====	----- £ 53,076 =====

NOTES TO THE ACCOUNTS (Continued)

7. RESERVES:

	<u>Share premium account</u>	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
At 1 January 1989	£ 15,000	£946,116	£(37,082)
Realised revaluation surplus (see Note 3)	-	(95,000)	-
Retained profit for the period	-	-	65,000
	<u>-----</u>	<u>-----</u>	<u>-----</u>
AT 30 September 1989	£ 15,000	£851,116	£ 27,918
	<u>=====</u>	<u>=====</u>	<u>=====</u>

8. ULTIMATE PARENT COMPANY:

The company's ultimate parent company is Browning Ferris Industries Inc. incorporated in the State of Delaware, U.S.A.

9. PRIOR YEAR AUDITORS:

The accounts for the year ended 31 December 1988 were audited and reported on without qualification by Burgess and Bullock.