

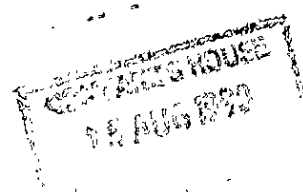
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SAND SUPPLIES (WESTERN) LIMITED

INDEX TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1989

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SAND SUPPLIES (WESTERN) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 June 1989.

1. Principal activity

The company is principally engaged in the dredging of sand and its supply to the building industry.

2. Results

The profit for the year after taxation amounted to £224,598 (1988 £137,606). The directors recommend payment of a dividend absorbing £275,000 and the loss has been deducted from reserves.

3. Directors

The directors in office at the end of the year are listed below. All except T L Silvey served on the board throughout the year.

Director

T L Silvey (deceased 13 November 1988)  
E D J Leighton  
R A J Whittle  
T M Silvey  
P J F Breach

The interests of the directors who are all directors of the holding company, are disclosed in the holding company's financial statements.

4. Post balance sheet events

On 3 August 1989 the company was sold to ARC Marine Limited. On that date the above directors resigned and D C Aspinall, B A Wheeler and B R Jackson were appointed directors.

5. Fixed assets

There have been no significant changes in fixed assets during the year.

Valuations

The directors are of the opinion that the market value of vessels, plant and equipment is greater than the book value.

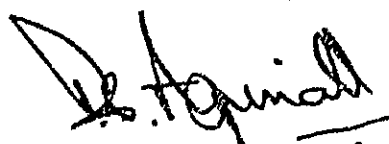
SAND SUPPLIES (WESTERN) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

6. Auditors

Grant Thornton do not intend to offer themselves for re-appointment as auditors. A resolution to appoint Ernst & Young as auditors in accordance with Section 384(1) of the Companies Act 1985 will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD



D C Aspinall  
Director

Burnley Wharf  
Marine Parade  
Southampton  
SO1 1JF

15 June 1990

SAND SUPPLIES (WESTERN) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF  
SAND SUPPLIES (WESTERN) LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1989 and of its results and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton*

GRANT THORNTON  
Chartered Accountants

BRISTOL

15 June 1990

SAND SUPPLIES (WESTERN) LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1989

	<u>Note</u>	<u>1989</u> <u>£</u>	<u>1988</u> <u>£</u>
Turnover	1	2,130,181	1,776,486
Cost of sales		<u>(1,636,126)</u>	<u>(1,545,790)</u>
Gross profit		494,055	230,696
Administrative expenses		<u>(152,479)</u>	<u>(114,126)</u>
Operating profit		341,576	116,570
Other interest receivable and similar income	2	6,570	6,976
Interest payable and similar charges	3	<u>(3,748)</u>	<u>(2,430)</u>
Profit on ordinary activities before taxation	1	344,398	121,116
Tax on profit on ordinary activities	5	<u>119,800</u>	<u>16,490</u>
Profit on ordinary activities after taxation		224,598	137,606
Dividends	6	<u>(275,000)</u>	<u>—</u>
Transfer to reserves		<u>£(50,402)</u>	<u>£137,606</u>

STATEMENT OF RETAINED PROFITS

Retained profits at 1 July 1988	99,435	(38,171)
Profit for the year	<u>(50,402)</u>	<u>137,606</u>
Retained profits at 30 June 1989	<u>£ 49,033</u>	<u>£ 99,435</u>

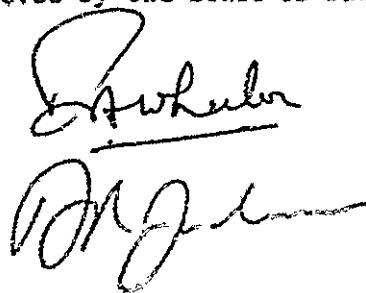
The accounting policies and notes on pages 7 to 12 form part of these financial statements.

SAND SUPPLIES (WESTERN) LIMITEDBALANCE SHEET  
AT 30 JUNE 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
		£	£
Fixed assets			
Tangible assets	8	148,756	<u>261,255</u>
Current assets			
Stocks - goods for resale	7	4,761	2,773
Debtors	9	551,198	426,469
Cash at bank and in hand		<u>413</u>	<u>20,851</u>
		556,372	450,093
Creditors: amounts falling due within one year	10	<u>623,095</u>	<u>547,913</u>
Net current liabilities		<u>(66,723)</u>	<u>(97,820)</u>
Total assets less current liabilities		82,033	163,435
Provisions for liabilities and charges:			
Deferred taxation	11	<u>21,000</u>	<u>52,000</u>
		£ 61,033	£111,435
Capital and reserves			
Called up share capital	12	12,000	12,000
Profit and loss account		<u>49,033</u>	<u>99,435</u>
		£ 61,033	£111,435

The financial statements were approved by the Board of Directors on 15 June 1990.

B A Wheeler       )  
                      ) Directors  
B R Jackson       )



The accounting policies and notes on pages 7 to 12 form part of these financial statements.

SAND SUPPLIES (WESTERN) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30 JUNE 1989

	£	<u>1989</u>	£	<u>1988</u>
				£
Source of funds				
From operations				
Profit before taxation		344,398		121,116
Adjustment for item not involving the movement of funds:				
Depreciation		<u>115,243</u>		<u>113,647</u>
Total generated from operations		459,641		234,763
Other sources				
Proceeds of disposals of tangible fixed assets		<u>12,134</u>		<u>4,120</u>
		471,775		<u>238,883</u>
Application of funds:				
Purchase of tangible fixed assets	14,878			14,700
Loan repayments	-			100,500
Tax paid	-			28,927
Dividend	<u>275,000</u>			-
		<u>289,878</u>		<u>144,127</u>
Net inflow of funds		<u>£181,897</u>		<u>£94,756</u>
		*****		*****
Increase/(decrease) in working capital				
Group companies		293,859		146,791
Stocks		1,988		(8,777)
Debtors		101,126		31,161
Creditors		<u>5,285</u>		<u>29,861</u>
		402,258		199,036
Net liquid funds				
Bank overdrafts		<u>(220,361)</u>		<u>(104,280)</u>
Net increase in working capital		<u>£181,897</u>		<u>£ 94,756</u>
		*****		*****

SAND SUPPLIES (WESTERN) LIMITED

ACCOUNTING POLICIES  
FOR THE YEAR ENDED 30 JUNE 1989

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

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

a. Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided excluding VAT and trade discounts.

b. Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Vessels

The remaining life at acquisition based on 20 years when new

Plant and equipment

5 to 10 years

c. Major repairs and replacements to vessels

Major repairs and replacements to vessels which tend to be incurred in regular cycles are charged to the profit and loss account in the year in which they are incurred.

d. Stock

Stock is stated at the lower of cost and net realisable value.

Cost consists of the average on-wharf cost of sand dredged during the year.

Net realisable value means estimated selling price less trade discounts and all costs to be incurred in selling.

e. Deferred taxation

Deferred taxation is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Unprovided deferred tax is disclosed as a contingent liability.



SAND SUPPLIES (WESTERN) LIMITED

ACCOUNTING POLICIES  
FOR THE YEAR ENDED 30 JUNE 1989 (CONTINUED)

e. Deferred taxation (continued)

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid (or recovered) when the timing differences reverse.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that it is foreseen that sufficient corporation tax will be assessed in the succeeding period to allow offset.

SAND SUPPLIES (WESTERN) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1989

## 1. Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation is attributable to one activity, the dredging and supply of sand.

Profit on ordinary activities is stated after:

	<u>1989</u> £	<u>1988</u> £
Auditors' remuneration	2,800	2,600
Hire of plant and machinery	9,253	15,384
Depreciation	115,243	113,647
	<u>127,296</u>	<u>131,631</u>

## 2. Other interest receivable and similar income

	<u>1989</u> £	<u>1988</u> £
From group company	-	6,109
Transactions in Money Market	6,570	867
	<u>£ 6,570</u>	<u>£ 6,976</u>
	<u>133,866</u>	<u>138,607</u>

## 3. Interest payable and similar charges

	<u>1989</u> £	<u>1988</u> £
On bank loans, overdrafts and other loans		
- repayable within 5 years, by instalments	£ 3,748	£ 2,430
	<u>3,748</u>	<u>2,430</u>

## 4. Directors and employees

Staff costs during the year:

	<u>1989</u> £	<u>1988</u> £
Wages and salaries	433,132	396,155
Social security costs	42,447	39,467
Other pension costs	27,854	20,613
	<u>£503,433</u>	<u>£456,235</u>

The average number of employees of the company during the year was 22 (1988: 24).

SAND SUPPLIES (WESTERN) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1989 (CONTINUED)

## 5. Tax on profit on ordinary activities

The taxation charge/(credit) is based on the profit for the year and is made up as follows:

	<u>1989</u> £	<u>1988</u> £
Corporation tax @ 25% - 35% (1988 27%-35%)	68,500	19,000
Group relief @ 35%	82,300	-
Deferred tax	<u>(31,000)</u>	<u>(28,426)</u>
	119,800	(9,426)
Adjustments in respect of prior year Corporation tax	<u>-</u>	<u>(7,064)</u>
	<u>£119,800</u>	<u>£(16,490)</u>

The tax credit for the previous year was created as a result of £53,000 group relief not paid for.

## 6. Dividends

	<u>1989</u>	<u>1988</u>
Ordinary shares		
Final dividend of £22.92 per share (1988 nil)	<u>£275,000</u>	<u>£ -</u>

## 7. Stocks

	<u>1989</u> £	<u>1988</u> £
Goods for resale	<u>£ 4,761</u>	<u>£ 2,773</u>

There were no significant differences between the replacement cost and the values disclosed.

SAND SUPPLIES (WESTERN) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1989 (CONTINUED)

## 8. Tangible fixed assets

	<u>Total</u> £	<u>Plant &amp; machinery</u> £	<u>Vessels</u> £
Cost			
At 1 July 1988	1,450,066	140,006	1,310,060
Additions	14,878	14,878	-
Disposals	(14,700)	-	(14,700)
At 30 June 1989	<u>1,450,244</u>	<u>154,884</u>	<u>1,295,360</u>
Depreciation			
At 1 July 1988	1,188,811	109,803	1,079,008
Provided in year	115,243	16,404	98,839
Disposals	(2,566)	-	(2,566)
At 30 June 1989	<u>1,301,485</u>	<u>126,207</u>	<u>1,175,281</u>
Net book value at 30 June 1989	£ 148,756	£ 28,667	£ 120,079
*****			
Net book value at 30 June 1988	£ 261,255	£ 30,203	£ 231,052
*****			

## 9. Debtors - amounts falling due within one year

	<u>1989</u> £	<u>1988</u> £
Trade debtors	445,738	366,134
Amounts owed by group companies	68,319	44,716
Other debtors	3,384	3,384
Prepayments and accrued income	<u>33,757</u>	<u>12,235</u>
	£551,198	£426,469
*****		*****

## 10. Creditors - amounts falling due within one year

	<u>1989</u> £	<u>1988</u> £
Bank overdrafts	240,912	40,989
Trade creditors	45,502	65,343
Current taxation	87,523	19,023
Amounts owed to group companies	169,691	357,647
Social security and other taxes	26,006	22,793
Accruals and deferred income	<u>53,461</u>	<u>42,118</u>
	£623,095	£547,913
*****		*****

The bank overdraft is secured by a fixed charge over the vessel 'Sand Diamond'.

SAND SUPPLIES (WESTERN) LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1989 (CONTINUED)

## 11. Deferred taxation

Deferred taxation has been provided in full using a tax rate of 35% (1988 35%). The amount unprovided represents a contingent liability at the balance sheet date.

	<u>1989</u> £	<u>1988</u> £
Accelerated capital allowances	26,000	58,000
Other timing differences	<u>(5,000)</u>	<u>(6,000)</u>
	£ 21,000	£ 52,000

## 12. Called up share capital

1989 and 1988  
Authorised, allotted  
called up and fully paid

12,000 ordinary shares of £1 each      £ 12,000

## 13. Capital commitments

The company had no capital commitments at 30 June 1988 or at 30 June 1989.

## 14. Contingent liabilities

The company had no contingent liabilities at 30 June 1988 or at 30 June 1989, except in respect of deferred taxation (see note 11).

## 15. Post balance sheet events

On 3 August 1989 the company was sold to ARC Marine Limited.

## 16. Ultimate holding company

The ultimate holding company of this company is Hanson plc.