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LONDON BRICK ENGINEERING LIMITED

DIRECTORS REPORT AND
ACCOUNTS FOR THE 9 MONTHS
ENDED 29th SEPTEMBER 1984

128



Binder Hamlyn 
CHARTERED ACCOUNTANTS

1645444

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REPORT OF THE DIRECTORS

The directors present their report together with the accounts of the company for the nine months ended 29th September 1984.

PRINCIPAL ACTIVITIES

The company is engaged in general engineering especially that associated with the brick industry

TRADING RESULTS

	<u>£000's</u>
Profit for the period after taxation	284
Retained profits brought forward	193
Profits to be carried forward	<u>477</u>

TANGIBLE FIXED ASSETS

Changes in tangible fixed assets during the year are shown in Note 5 to the accounts.

DIRECTORS

The directors of the company at 29th September 1984 were:

Mr.J.T.S.Corbett Chairman
Mr.S.Barr-Hall

Mr.J.T.S.Corbett was appointed a director on the 25th.June 1984 and being appointed since the last annual general meeting offers himself for re-election.

In accordance with the articles of association Mr.S.Barr-Hall retires by rotation and, being eligible, offers himself for re-election

The following directors have resigned since 31st December 1983:-

Mr.J.Rowe	on	30th April 1984
Mr.M.O.Wright	on	30th April 1984
Mr.I.Mills	on	31st May 1984
Mr.D.H.Lawrence	on	30th June 1984

DIRECTORS' INTERESTS

No director had an interest in the company's ordinary shares

The interests of the directors who were in office at 29th September 1984 (and who are not also directors of the ultimate holding company, Hanson Trust PLC) in the issued share capital and options to acquire Hanson Trust PLC ordinary shares are as follows:-

	<u>Ordinary shares held</u>		<u>Option to Buy</u>	
	at 29/9/84	at 1/1/84 or date of appointment	at 29/9/84	at 1/1/84 or date of appointment
Mr.J.T.S.Corbett	39,000	26,400	187,500	105,000
Mr.S.Barr-Hall	nil	nil	nil	nil

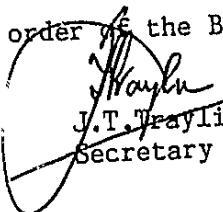
EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to employ disabled persons provided that it is practicable to do so, and also to make suitable arrangements to provide training and continuing employment for those who become disabled. The company offers career development and promotion to disabled employees consistent with their capabilities.

AUDITORS

Binder Hamlyn have indicated that they are willing to continue in office and a resolution will be proposed at the annual general meeting that they be reappointed.

By order of the Board.


J.T. Trayling
Secretary

Stewartby Works
Stewartby
Bedford MK43 9LZ

6th December 1984

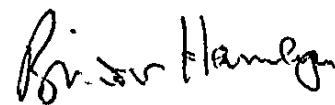
REPORT OF THE AUDITORS TO THE MEMBERS OF
LONDON BRICK ENGINEERING LIMITED

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

In our opinion, the financial statements, which have been prepared in accordance with the accounting policies set out on page 7, give a true and fair view of the state of the Company's affairs at 29th September 1984 and of its profit and source and application of funds for the period from 1st January 1984 to 29th September 1984 and comply with the Companies Acts 1948 to 1981.

6th December 1984

8 St. Bride Street,
London EC4A 4DA



BINDER HAMLYN

Chartered Accountants

PROFIT AND LOSS ACCOUNT

For the Nine Months ended 29th September 1984



	NOTE	9 Months 1984 £000's	Year 1983 £000's
TURNOVER		6,472	7,103
Change in stocks of finished goods and work in progress		(507)	323
Other operating income		17	13
		<u>5,982</u>	<u>7,439</u>
Raw materials and consumables		(3,134)	(4,083)
Other external charges	1	(713)	(515)
Staff costs	2	(1,487)	(1,985)
Depreciation	5	(132)	(71)
Other operating charges		(20)	(29)
		<u>(5,486)</u>	<u>(6,683)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		496	756
Taxation relief/(charge) on ordinary activities	3	244	(361)
		<u>740</u>	<u>395</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		740	395
Extraordinary (charges) / income after taxation	4	(456)	31
		<u>284</u>	<u>426</u>
PROFIT FOR THE FINANCIAL PERIOD		284	426
Dividend		-	140
AMOUNT SET ASIDE TO RESERVE	14	<u>284</u>	<u>286</u>

The notes on pages 7 to 12 form part of these accounts

BALANCE SHEET

At 29th September 1984

	NOTE	29 September 1984 £000's	31 December 1983 £000's
FIXED ASSETS			
Tangible Assets	5	684	941
Investments	6	395	432
CURRENT ASSETS			
Stocks	7	379	957
Debtors	8	1,281	637
Cash at bank and in hand		472	760
		<u>2,132</u>	<u>2,354</u>
CREDITORS (amounts falling due within one year)	10	797	1,609
NET CURRENT ASSETS		<u>1,335</u>	<u>745</u>
TOTAL ASSETS Less current liabilities		2,414	2,118
CREDITORS (amounts falling due after more than one year)	11	20	-
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	8
		<u>2,394</u>	<u>2,110</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,917	1,917
Profit and Loss account	14	477	193
		<u>2,394</u>	<u>2,110</u>

 J.T.S. Corbett
 S. Barr-Hall

) Directors

Approved by the board on 6th December 1984

The notes on pages 7 to 12 form part of these accounts

SOURCE AND APPLICATION OF FUNDS STATEMENT

Nine months ended 29th September 1984

	9 Months 1984 <u>£000's</u>	Year 1983 <u>£000's</u>
SOURCE OF FUNDS		
Group profit on ordinary activities before taxation	496	756
Extraordinary items before taxation	(571)	64
Items not involving the movement of funds:		
Deferred tax provision	123	-
Depreciation	282	71
Provisions	-	(64)
Amortization of investment	37	-
Loss on sale of fixed assets	5	2
	<u>372</u>	<u>829</u>
GENERATED FROM OPERATIONS		
FUNDS FROM OTHER SOURCES		
Sale of fixed assets	35	108
	<u>407</u>	<u>937</u>
APPLICATION OF FUNDS		
Dividend paid	(140)	-
Tax repaid/(paid)	98	(61)
Capital expenditure	(65)	(532)
Expenditure against provisions and deferred liabilities	(8)	(203)
DECREASE/(INCREASE) IN WORKING CAPITAL		
Stocks	578	66
Debtors	346	(326)
Creditors	(51)	533
	<u>873</u>	<u>273</u>
	<u>758</u>	<u>(523)</u>
NET FUNDS GENERATED		
	<u>1,165</u>	<u>414</u>
Decrease/(Increase) in amounts owing to group companies	1,453	(346)
Increase/(Decrease) in bank balances	(288)	760
	<u>1,165</u>	<u>414</u>

ACCOUNTING POLICIES

Change in Presentation of Accounts

The accounts cover the period 1st January 1984 to 29th September 1984 to bring the year end into line with that of the ultimate holding company (note 15). The profit and loss account format has been changed to format 2 to comply with that used by all subsidiaries of the ultimate holding company.

Accounting Convention

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

Turnover

Turnover is the amount invoiced by the Company, exclusive of VAT, for goods and services after deduction of trade discounts.

Research and Development

Research and development expenditure is written off in the period in which it is incurred.

Stocks

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

Tangible fixed assets and depreciation

All assets are included at original cost or subsequent professional valuation. Assets acquired from group companies are shown at their original cost to the group (or subsequent valuation) together with attributable depreciation. Depreciation is provided by equal instalments to reduce the valuation or cost of fixed assets to their residual value over their estimated useful lives. The principal depreciation rates are :-

Freehold Land	Nil
Freehold Buildings	2% per annum
Fixed Plant	10% - 20% per annum
Motor Vehicles	15% - 25% per annum
Fixtures Fittings Tools and Equipment	10% - 25% per annum

Deferred Taxation

Provision is made using the liability method for taxation deferred by timing differences, but only in those cases where the tax benefits could not, with reasonable probability, be expected to be retained for the foreseeable future in consequence of recurring or continuing timing differences. No provision is made for the taxation liability which might arise on the gain which would be realised if the revalued properties were disposed of at the amounts shown in the accounts.

NOTES TO THE ACCOUNTS

	9 Months 1984 <u>£000's</u>	Year 1983 <u>£000's</u>
1. OTHER EXTERNAL CHARGES are stated after charging:-		
Auditors remuneration	10	12
Hire of plant and machinery	16	31
	<u> </u>	<u> </u>
2. STAFF COSTS Staff costs comprise:-		
Wages and salaries	1,259	1,675
Social security costs	130	172
Other pension costs	98	138
	<u>1,487</u>	<u>1,985</u>
The average number of persons employed by the company during the period was 215 (1983 : 232)		
Directors' remuneration including contributions to pension scheme	25	29
Details of remuneration, excluding pension contributions are as follows:		
Chairman	Nil	Nil
Highest paid Director	18	23
Other directors received emoluments in the following ranges (1984 adjusted to an annual rate):		
	<u>Number</u>	<u>Number</u>
Up to £5,000	4	3

NOTES TO THE 1984 ACCOUNTS (continued)

3. TAXATION

	9 Months 1984 £000's	Year 1983 £000's
U.K. Corporation tax at 46.67% (1983 50.5%)		
Charge based on profit for the period	(384)	(394)
This has been extinguished (1983 reduced) by:-		
(i) tax losses surrendered by other group companies free of consideration	419	89
(ii) timing differences	(47)	(7)
(iii) stock relief	12	30
Deferred taxation	181	(28)
	181	(10)
Prior years adjustments:		
Corporation tax	(8)	18
Corporation tax - additional group relief surrendered free of consideration	71	-
Deferred tax	-	9
	63	27
	244	(361)

4. EXTRAORDINARY (CHARGES) / INCOME

Additional depreciation in respect of prior years	(150)	-
Provision against investments	(37)	-
Deferred taxation provision	(123)	-
Reorganisation, closure and redundancy costs	(202)	64
Stock write off	(59)	-
	(571)	64
Attributable tax relief/(charge)	115	(33)
	(456)	31

NOTES TO THE ACCOUNTS (continued)

	FREEHOLD LAND AND BUILDINGS	PLANT AND MACHINERY	FIXTURES AND FITTINGS	TOTAL
	£000's	£000's	£000's	£000's
5. TANGIBLE FIXED ASSETS				
COST OR VALUATION				
At 1st January 1984	495	1,005	51	1,551
Additions	30	6	10	46
Reclassification	12	(37)	25	-
Inter-group transfers	(5)	(2)	9	2
Disposals		(19)	(10)	(29)
At valuation 1967	144	78	-	222
At cost	388	875	85	1,348
At 29 September 1984	532	953	85	1,570
DEPRECIATION				
At 1 January 1984	90	494	26	610
Additional charge in respect of prior years	-	150	-	150
Charge for the period	7	110	15	132
Reclassification	5	(5)	-	-
Inter-group transfers	(1)	(5)	3	(3)
Disposals	-	(3)	-	(3)
At 29 September 1984	101	741	44	886
NET BOOK AMOUNT				
29 September 1984	431	212	41	684
31 December 1983	405	511	25	941
	29 September 1984	31 December 1983		
	£000's	£000's		
CAPITAL COMMITMENTS				
Contracted	34	72		
Authorised but not contracted	-	36		
	34	108		

NOTES TO THE ACCOUNTS (continued)

29 September
1984
£000's

6. FIXED ASSET INVESTMENTS

Overseas unquoted investment

At 1st January and 29th September 1984

395

Investment in subsidiary at 1st January 1984

37

Amount written off

(37)

At 29th September 1984

-

The overseas investment represents 700,000 Ordinary Shares of E1 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 investment in Midland Structures Limited, a wholly owned subsidiary incorporated and operating in the United Kingdom has been written off upon cessation of trade.

Consolidated accounts are not presented as the company is itself a wholly owned subsidiary of a company incorporated in England

29 September
1984
£000's

31st December
1983
£000's

7. STOCKS

Long term Work in Progress

-

3,103

Less amounts received and receivable

-

2,795

-

308

Short term Work in Progress

149

360

Raw materials and consumables

118

130

Finished Goods

112

159

379

957

8. DEBTORS

Trade debtors

112

451

Amounts owed by group companies

1,074

142

Other debtors

30

14

Prepayments and accrued income

3

26

Deferred taxation

62

4

1,281

637

9. DEFERRED TAXATION

At 1st January 1984

4

143

Provision required at 1st January 1984 (Note 4)

(123)

-

Release to profit and loss account (Notes 3 and 4)

181

(139)

62

4

Estimated Potential Liability

(177)

(384)

Accelerated capital allowances

239

4

Other timing differences

(34)

(34)

Deferred chargeable gains

28

(414)

NOTES TO THE ACCOUNTS (continued)

	29 September 1984 <u>£000's</u>	31 December 1983 <u>£000's</u>
10. CREDITORS (amounts falling due within one year)		
Trade creditors	184	326
Amounts owed to group companies	83	744
Other creditors	310	-
Taxation and social security	-	3
Accruals and deferred income	220	456
Corporation tax	-	80
	<u>797</u>	<u>1,609</u>
11. CREDITORS (amounts falling due after more than one year)		
Trade creditors	<u>20</u>	<u>-</u>
12. PROVISIONS FOR LIABILITIES AND CHARGES		
Reorganisation Provision		
At 1st. January 1984	8	211
Expenditure incurred	<u>8</u>	<u>203</u>
At 29th. September 1984	<u>-</u>	<u>8</u>
13. CALLED UP SHARE CAPITAL Ordinary shares of £1 each		
Authorised	2,000	2,000
Alloted, issued and fully paid	<u>1,917</u>	<u>1,917</u>
14. RESERVES		
PROFIT AND LOSS ACCOUNT		
At 1 January 1984	193	(93)
Retained profit for the period	<u>284</u>	<u>286</u>
At 29th September 1984	<u>477</u>	<u>193</u>
15. ULTIMATE HOLDING COMPANY		
The ultimate holding company is Hanson Trust Plc incorporated in England		