

STANTON BONNA CONCRETE LIMITED
(Company Number: 2263795)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1995



STANTON BONNA CONCRETE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The Directors present their report and audited financial statements of the Company for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the manufacture and supply of concrete pipes, other concrete products and glass reinforced plastic pipes.

REVIEW OF THE BUSINESS

The Company is an 80 percent subsidiary of Société des Tuyaux Bonna, the ultimate parent company is the Compaigne Générale Des Eaux, both companies are incorporated in France. The remaining 20 percent of ordinary share capital is owned by Stanton PLC.

The Company turnover for the year was £12.1 million and the profit before and after taxation was £791,000.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £791,000 (1994: profit of £309,000) and this has been transferred to reserves. The Directors do not propose the payment of a dividend.

FIXED ASSETS

The movements in tangible fixed assets during the year are shown in note 5 to the accounts.

EMPLOYEE INFORMATION

The Company gives full and fair consideration to applications for employment by disabled persons and encourages the career development of such persons as it is able to employ by means of special training if necessary. In the event of existing employees becoming disabled, every effort is made to ensure continuity of employment and the appropriate training is given.

Regular meetings are held at works level to provide employees with information of concern to them and to give them the opportunity to express their views.

Insurance has been taken out by the Company against claims arising from employees against the Company.

STANTON BONNA CONCRETE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

DIRECTORS

The Directors who served during the year are as follows:

G J Nicholls
D Rolland (Resigned 28 March 1996)
M E E Rivard
D R H Pommeret
F C Leblanc

None of the Directors had a material interest in any contract to which the Company was a party.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

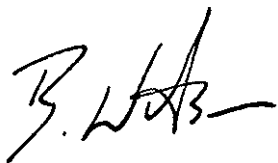
STANTON BONNA CONCRETE LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 1995**

AUDITORS

A resolution concerning the re-appointment of Price Waterhouse as auditors, and authorising the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'B. Wilson', written over a horizontal line.

B WILSON
Secretary

9 May 1996

Registered Number: 2263795

Registered Office:

Littlewell Lane
Stanton-by-Dale
Ilkeston
Derbyshire
DE7 4QW

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
STANTON BONNA CONCRETE LIMITED**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1995 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

9 May 1996

STANTON BONNA CONCRETE LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1995**

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the financial year and total recognised gains and losses for the year	791	309

NOTE OF HISTORICAL COST PROFIT

Reported profit on ordinary activities before taxation	791	309
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>20</u>	<u>20</u>
Historical cost profit for the year before and after taxation	<u>811</u>	<u>329</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Profit for the financial year	791	309
Opening shareholders' funds	<u>2,511</u>	<u>2,202</u>
Closing shareholders' funds	<u>3,302</u>	<u>2,511</u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. They have been prepared in accordance with applicable accounting standards.

(2) Turnover

Turnover represents sales to external customers at delivered prices. An analysis of turnover between markets is not provided as, in the opinion of the Directors, disclosure of such information would not be in the interests of the Company.

(3) Tangible fixed assets

Land and buildings are stated at valuation less depreciation. Other tangible fixed assets are shown at cost less accumulated depreciation, including assets held under finance leases which have been capitalised.

Expenditure on new installations and schemes, which have not been commissioned by the accounting date, is classified as plant in the course of construction and is transferred to the appropriate fixed asset category on completion of commissioning.

(4) Depreciation

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight line basis, over their estimated useful lives as follows:-

Freehold buildings	25 years
Major manufacturing equipment	5-25 years
Other plant and equipment	5-15 years
Office equipment	3-10 years
Mobile plant and motor vehicles	3-5 years
Loose plant, tools and moulds	2-5 years

(5) Research and development

Research and development expenditure is charged to revenue in the period in which it is incurred.

(6) Foreign currency

Foreign currency amounts are translated at the rate prevailing at the time of the transaction. Exchange differences are taken to the profit and loss account in the period in which they occur.

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(7) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Cost represents the cost of materials and, in the case of manufacturing products, includes the cost of direct labour and production overheads based on normal levels of activity.

(8) Long term contracts

Long term contracts are accounted for in accordance with SSAP 9. Turnover is recorded on the basis of acceptance of goods by customers. Attributable profits are only taken into the profit and loss account when the outcome of the contract can be assessed with reasonable certainty.

(9) Pensions

The Company's employees are members of a defined benefit pension scheme. The regular pension cost is charged to profit and loss account so as to spread the expected pension costs over the service lives of the employees. Contributions to the scheme and regular costs are determined by a qualified actuary on the basis of triennial valuations using the attained age method, taking into account the pension costs of the group as a whole. Variations from regular cost are assessed annually by the actuary and are spread over the expected remaining service lives of current employees in the scheme.

(10) Deferred taxation

Deferred corporation tax liabilities are provided in the accounts only insofar as an actual liability is likely to arise in the foreseeable future: deferred tax assets are not recognised until realised.

(11) Leasing

Where tangible fixed assets are financed through leasing arrangements classified as finance leases, they are treated as if they had been purchased outright and the corresponding leasing liability is shown in creditors. Depreciation on leased assets is provided on the same basis as owned assets.

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account in the period in which it is incurred.

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 INTEREST

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Interest payable		
- other loans	18	25
- bank borrowings	140	102
Finance lease interest	<u>102</u>	<u>95</u>
	260	222
	<u><u> </u></u>	<u><u> </u></u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u>	<u>1994</u>
	£'000	£'000
The results are stated after charging:		
Loss on disposal of fixed assets	-	70
Depreciation	677	639
Auditors' remuneration		
- for audit services	7	7
- for non audit services	2	2
Operating lease rentals		
- hire of plant and machinery	140	53
- other operating leases	48	68
	<u><u> </u></u>	<u><u> </u></u>

4 DIRECTORS AND EMPLOYEES

Staff costs for the period comprise:

Wages and salaries	2,355	2,227
Social security costs	186	179
Other pension costs	<u>188</u>	<u>176</u>
	2,729	2,582
	<u><u> </u></u>	<u><u> </u></u>

The Directors did not receive any emoluments from the company for their services during the year.

	<u>1995</u>	<u>1994</u>
	Number	Number
The average number of persons employed during the year was:	142	144
	<u><u> </u></u>	<u><u> </u></u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 TANGIBLE FIXED ASSETS

Movements during the year

	Freehold land and buildings	Plant, machinery, equipment and vehicles	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 January 1995	2,689	4,667	7,356
Additions	444	389	833
Disposals	-	(1)	(1)
At 31 December 1995	3,133	5,055	8,188
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 January 1995	(313)	(2,293)	(2,606)
Charge for the year	(94)	(583)	(677)
Disposals	-	1	1
At 31 December 1995	(407)	(2,875)	(3,282)
	<u> </u>	<u> </u>	<u> </u>
Net book amount			
At 31 December 1995	2,726	2,180	4,906
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1994	2,376	2,374	4,750
	<u> </u>	<u> </u>	<u> </u>

(1) Revaluation of land and buildings

The Company's freehold land and buildings were revalued on 31 December 1990. If the amount of these revalued assets, included in the accounts at a valuation of £2,400,000, had been determined in accordance with the historic cost accounting convention at 31 December 1995, they would have been included as:

	<u>1995</u> £'000
Cost	1,649
Accumulated depreciation	<u>(266)</u>
Net book amount	<u>1,383</u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 TANGIBLE FIXED ASSETS (CONTINUED)

(2) Leasing

The Company has capitalised fixed assets which are held under finance leases. The gross value of assets leased was £2,103,000 (1994: £2,103,000) and accumulated depreciation was £1,382,000 (1994: £1,135,000).

(3) Related party transaction

Included in the land and buildings additions is the purchase of land costing £175,000 from Stanton plc. Included within plant and machinery is plant purchased from Société des Tuyaux Bonna for £55,000.

6 STOCKS

	<u>1995</u> £'000	<u>1994</u> £'000
Raw materials and consumables	548	448
Work in progress	55	44
Finished products	<u>1,544</u>	<u>1,287</u>
	2,147	1,779

7 DEBTORS

	<u>1995</u> £'000	<u>1994</u> £'000
Trade debtors	1,882	1,338
Amount owed by related companies	23	84
Other debtors	2	107
Prepayments and accrued income	182	233
Amounts recoverable on contracts	<u>278</u>	<u>380</u>
	2,367	2,142

All of the above debtors are recoverable within one year.

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8	CREDITORS - Amounts falling due within one year	<u>1995</u>	<u>1994</u>
		£'000	£'000
	Bank loans and overdrafts	2,198	1,598
	Payments on account	121	-
	Trade creditors	1,242	994
	Amounts owed to related companies	619	1,130
	Other creditors	46	53
	Taxation and social security	57	37
	Accruals and deferred income	283	598
	Obligations under finance leases	<u>202</u>	<u>196</u>
		4,768	4,606
		<u>=====</u>	<u>=====</u>
9	CREDITORS - Amounts falling due after more than one year		
	Other creditors		
	- lease obligations	952	1,153
	- other loans	<u>170</u>	<u>152</u>
		1,122	1,305
		<u>=====</u>	<u>=====</u>
	Repayable 2-5 years	1,122	1,103
	Repayable over 5 years	<u>-</u>	<u>202</u>
		1,122	1,305
		<u>=====</u>	<u>=====</u>

The leasing obligations are repayable over 11 years by annual instalments and bear interest at fixed and variable rates. The loans are repayable by instalments within 5 years.

10 PROVISIONS FOR LIABILITIES AND CHARGES

	At 31 December <u>1994</u>	<u>Utilised</u>	Charge <u>for year</u>	At 31 December <u>1995</u>
	£'000	£'000	£'000	£'000
Redundancy and other rationalisation costs	170	(31)	-	139
Other provision	<u>82</u>	<u>(5)</u>	<u>14</u>	<u>91</u>
	252	36	14	230
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

11 SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Ordinary shares of £1 each		
Authorised, allotted and fully paid	3,334	3,334
	<u> </u>	<u> </u>

As at 31 December 1995, the Company is an 80% subsidiary of Société des Tuyaux Bonna. The remaining 20% of shares are held by Stanton Plc.

12 TAXATION

There is no corporation tax liability for the year due to the losses brought forward. At 31 December 1995, there was a potential deferred tax asset of £487,000 (1994: £829,000) comprising:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Accelerated capital allowances	1	128
Losses available for carry forward	253	471
Other timing differences	<u>233</u>	<u>230</u>
Potential deferred asset, at 33% (1994: 33%)	487	829
	<u> </u>	<u> </u>

In accordance with the Company's accounting policies, deferred tax assets are not recognised until realised.

The Directors consider that it is not appropriate to recognise potential tax liabilities on revalued land and buildings.

13 RESERVES

	<u>Revaluation</u>	<u>Profit and</u>
	<u>Reserve</u>	<u>Loss account</u>
	£'000	£'000
Balance at 1 January 1995	708	(1,531)
Result of the year	-	791
Transfer	<u>(20)</u>	<u>20</u>
Balance at 31 December 1995	688	(720)
	<u> </u>	<u> </u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

14 CAPITAL COMMITMENTS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Authorised but not contracted	-	200
Contracted	20	-

15 CONTINGENT LIABILITIES

At 31 December 1995 there were outstanding performance bonds of £1,495,000 (1994: £976,000).

16 PENSION SCHEME

The majority of the Company employees are members of the Stanton Bonna Pension Plan. This is a defined benefit pension scheme which is funded by Stanton Bonna Concrete Limited and its employees. Contributions are made to a pension trust whose assets are held in a separate trustee administered fund. The contributions to the scheme are determined by a qualified actuary using the projected unit method. The most recent investigation was at 1 December 1993. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 2% per annum in excess of salary increases and equity dividend growth would be 4.5% per annum.

The most recent actuarial investigation showed that the actuarial valuation of the scheme's assets was £2,890,000 (market value - £3,263,938) and that the actuarial value of those assets represented 100% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The pension cost charged to the profit and loss account for the year was £188,000 (1994: £176,000).

17 CASHFLOW

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Operating profit	1,051	531
Depreciation charge	677	639
(Profit)/loss on sale of fixed assets	-	70
(Increase)/decrease in stocks	(368)	160
(Increase)/decrease in debtors	(249)	(132)
(Decrease)/increase in creditors	(478)	988
(Decrease)/increase in provisions	(22)	7
	<u>611</u>	<u>2,263</u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

17 CASHFLOW (CONTINUED)

- (b) Analysis of changes in cash and cash equivalents during the year

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Balance at 1 January 1995	(1,508)	(2,444)
Net cash inflow/(outflow)	<u>(601)</u>	<u>936</u>
Balance at 31 December 1995	<u>(2,109)</u>	<u>(1,508)</u>

- (c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1995</u>	<u>1994</u>	Change in <u>Year</u>
	£'000	£'000	£'000
Cash at bank and in hand	2	3	(1)
Bank overdrafts and other short term borrowing	<u>(2,111)</u>	<u>(1,511)</u>	<u>(600)</u>
	<u>(2,109)</u>	<u>(1,508)</u>	<u>(601)</u>

- (d) Analysis of changes in financing during the year

	<u>Bank Loans</u>	<u>Finance Leases</u>
	£'000	£'000
Balance at 1 January 1995	239	1,349
Repayments during the year	<u>(87)</u>	<u>(195)</u>
Balance at 31 December 1995	<u>152</u>	<u>1,154</u>

The balances due at 31 December 1995 can be analysed as follows:

	<u>Bank Loans</u>	<u>Finance Leases</u>
	£'000	£'000
Amounts falling due within 1 year	87	202
Amounts falling due after more than one year	<u>65</u>	<u>952</u>
	<u>152</u>	<u>1,154</u>

STANTON BONNA CONCRETE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

18 OPERATING LEASE PAYMENT COMMITMENTS:

At the year end the Company was committed to making the following annual payments in respect of operating leases.

	<u>1995</u> £'000	<u>1994</u> £'000
Leases which expire within one year	14	5
Between one and five years	33	39
After five years	<u>88</u>	<u>88</u>
	135	132
	<u><u> </u></u>	<u><u> </u></u>

STANTON BONNA CONCRETE LIMITED**PROFIT & LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1995**

	<u>1995</u> £'000	<u>1994</u> £'000
TURNOVER (Note 1(2))	12,067	12,600
Cost of sales	<u>(9,075)</u>	<u>(9,914)</u>
GROSS PROFIT	2,992	2,686
Distribution costs	(1,353)	(1,396)
Administration expenses	<u>(588)</u>	<u>(759)</u>
OPERATING PROFIT BEFORE INTEREST	1,051	531
Interest (Note 2)	<u>(260)</u>	<u>(222)</u>
PROFIT BEFORE TAXATION (Note 3)	791	309
Taxation (Note 12)	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION (Note 13)	<u>791</u>	<u>309</u>

The above results all arose from continuing operations.

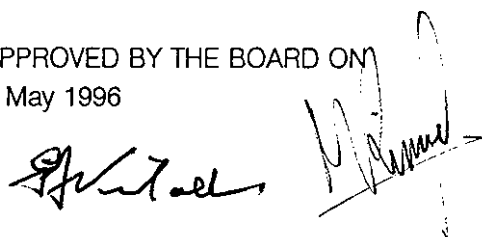
The notes set out on pages 9 to 18 form part of these accounts.

STANTON BONNA CONCRETE LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	<u>1995</u>		<u>1994</u>	
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Tangible assets (Note 5)		4,906		4,750
CURRENT ASSETS				
Stocks (Note 6)	2,147		1,779	
Debtors (Note 7)	2,367		2,142	
Cash at bank and in hand	<u>2</u>		<u>3</u>	
	4,516		3,924	
CREDITORS - Amounts falling due within one year (Note 8)		<u>(4,768)</u>		<u>(4,606)</u>
NET CURRENT LIABILITIES		<u>(252)</u>		<u>(682)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,654		4,068
CREDITOR - Amounts falling due after one year (Note 9)		(1,122)		(1,305)
Provisions for liabilities and charges (Note 10)		<u>(230)</u>		<u>(252)</u>
		3,302		2,511
CAPITAL AND RESERVES		<u> </u>		<u> </u>
Called up share capital (Note 11)		3,334		3,334
Profit and loss account (Note 13)		(720)		(1,531)
Revaluation reserve (Note 13)		<u>688</u>		<u>708</u>
		3,302		2,511
		<u> </u>		<u> </u>

APPROVED BY THE BOARD ON
9 May 1996



)
) Directors
)

The notes set out on pages 9 to 18 form part of these accounts.

STANTON BONNA CONCRETE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1995

		1995	1994
	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES			
(Note 17(a))		611	2,263
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Finance charges		(237)	(250)
TAXATION PAID		-	-
INVESTING ACTIVITIES			
Payments to acquire fixed assets	(693)		(808)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(693)</u>	<u>(808)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(319)	1,205
FINANCING			
Issue of ordinary share capital for cash consideration	-	-	-
Capital repayments under finance leases	(195)		(182)
Repayment of loans	<u>(87)</u>	<u>(87)</u>	<u>(87)</u>
NET CASH OUTFLOW FROM FINANCING		<u>(282)</u>	<u>(269)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
(Note 17(b) and 17(c))		(601)	936
		<u><u> </u></u>	<u><u> </u></u>

The notes set out on pages 9 to 18 form part of these accounts.