

2361476
HANSON FACING BRICKS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1989



HANSON FACING BRICKS LIMITED

REPORT OF THE DIRECTORS

The directors subr't their report and accounts for the period from incorporation to 30 September 1989.

DIRECTORS

The directors of the company are:

PM Rose, CBE	- appointed on 15 February 1990
AR Cotton	appointed on 15 February 1990
D Graham	- appointed on 15 February 1990

Mr AGL Alexander and Mr DC Bonham were both appointed on 29 June 1989 and resigned on 15 February 1990.

Mr C Hamshaw-Thomas was appointed on 15 March 1989 and resigned on 29 June 1989.

Mr G Dransfield and Mr MC Murray were appointed on 15 March 1989 and resigned on 15 February 1990.

INCORPORATION

The company was incorporated on 15 March 1989 with the issue of two subscriber shares of £1 each at a premium of £999 per share.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is an investment holding company within the Hanson PLC group. As part of a commercial reconstruction of the Hanson PLC group during the period the company acquired from other group companies the whole of the issued share capital of Butterley Brick Limited, National Star Limited, National Brick Company Limited, The Claughton Manor Brick Limited and the Milton Hall (Southend) Brick Company Limited. The total consideration of £407,572,000 was determined by the directors on the basis of valuations of each subsidiary which had primary regard either to the net assets or to the potential earnings of the relevant subsidiary. In establishing valuations based on earnings the directors considered all relevant factors including nature of business, earnings growth and valuations of similar businesses with stock exchange listings.

HANSON FACING BRICKS LIMITED

REPORT OF THE DIRECTORS (continued)

SHARES ISSUED

On 30 June 1989 407,572 ordinary shares of £1 each were issued at a premium of £999 per share in satisfaction of the consideration paid for the subsidiary companies noted above.

DIRECTORS' INTERESTS

At 31 December 1989, Mr AGL Alexander and Mr DC Bonham were directors of the ultimate holding company, Hanson PLC; Mr G Dransfield and Mr MC Murray were directors of the immediate holding company, Hanson Holdings No 1 Limited. Their interests in Hanson PLC are accordingly shown in the accounts of Hanson PLC and Hanson Holdings No 1 Limited respectively.

DIVIDENDS

The directors recommend a final dividend of £27,000,000.

AUDITORS

The Board has indicated its intention to nominate Ernst & Young (who are also auditors of the ultimate holding company, Hanson PLC) as auditors of the company. They have expressed their willingness to accept this appointment and a resolution to give effect to it will be submitted to the Annual General Meeting.

Price Waterhouse will not be seeking re-appointment at the Annual General Meeting.

By order of the Board


D GRAHAM
Secretary

16 July 1990

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF HANSON FACING BRICKS LIMITED

We have audited the accounts on pages 4 to 7 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 September 1989 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10. This is not considered necessary because the information is already given in all material respects.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants

16 July 1990

HANSON FACING BRICKS LIMITED

PROFIT AND LOSS ACCOUNT
PERIOD FROM INCORPORATION TO
30 SEPTEMBER 1989

	£000
Dividends receivable	<u>27,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	27,000
Dividends proposed	<u>(27,000)</u>
AMOUNT SET ASIDE TO RESERVES	<u>-</u>

HANSON FACING BRICKS LIMITED

BALANCE SHEET
30 SEPTEMBER 1989

	Note	£000
FIXED ASSETS		
Investments	1	407,572
CURRENT ASSETS		
Amounts owed by group companies		27.002
CREDITORS (amounts falling due within one year)		
Proposed dividend		<u>(27,000)</u>
NET CURRENT ASSETS		<u>2</u>
		<u>407,574</u>
CAPITAL AND RESERVES		
Called up share capital	2	408
Share premium account	3	<u>407,166</u>
		<u>407,574</u>

Approved by the Board on 16 July 1990

PM ROSE

)

) Directors

D GRAHAM

)

HANSON FACING BRICKS LIMITED

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost accounting convention. The company has taken advantage of Section 229(2) of the Companies Act 1985 and consolidated accounts have not been prepared.

NOTES TO THE 1989 ACCOUNTS

1 FIXED ASSET INVESTMENTS

Subsidiary companies

Shares at cost in the period £407,572,000

The subsidiary companies at 30 September 1989 all of which were wholly owned and incorporated in England were:

Butterley Brick Limited
National Star Limited
National Brick Company Limited
The Claughton Manor Brick Limited
The Milton Hall (Southend) Brick Company Limited

The purchase of subsidiaries acquired from other group companies as part of the reconstruction of the Hanson PLC group was determined by the directors on the basis of valuations of each subsidiary which had primary regard either to the net assets or to the potential earnings of the relevant subsidiary. In establishing valuations based on earnings the directors considered all relevant factors including nature of business, earnings growth and valuations of similar businesses with stock exchange listings.

Consolidated accounts have not been prepared as this company is a wholly owned subsidiary of another body corporate incorporated in Great Britain.

2 CALLED UP SHARE CAPITAL

	Authorised	Allotted and fully paid
Ordinary shares of £1 each	<u>£1,000,000</u>	<u>£407,574</u>

On incorporation 2 shares of £1 each were issued for cash at a premium of £999 each and on 30 June 1989 a further 407,572 shares of £1 each were issued at a premium of £999 per share as consideration for the whole of the issued share capital of the subsidiary companies listed at note 1.

HANSON FACING BRICKS LIMITED

NOTES TO THE 1989 ACCOUNTS (continued)

3 SHARE PREMIUM ACCOUNT

Premium arising on shares issued in the year

£407,166,000

4 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hanson PLC, incorporated in Great Britain.