

LINDUSTRIES LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

At 1 October 1988 N F Wilkinson held £5,000 10% convertible loan stock (26 September 1987 £5,000 10% convertible loan stock).

No director had a beneficial interest in any significant contract or arrangement to which the company or a subsidiary was a party during the year.

SUBSTANTIAL HOLDERS OF STOCK

The whole of the share capital of the company is owned by Hanson PLC and its subsidiaries.

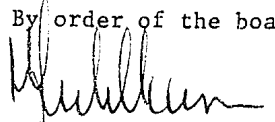
CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board


N F Wilkinson

Secretary

6 December 1988

Ernst & Whinney

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Ernst & Whinney
Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF LINDUSTRIES LIMITED

We have audited the accounts set out on pages 4 to 12 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 1 October 1988 and of the profit and source and application of funds of the company for the year then ended and comply with the Companies Act 1985.

Ernst & Whinney

HULL

6 December 1988

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LINDUSTRIES LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 1 OCTOBER 1988

	Note	1988 £	1987 £
TURNOVER			
OPERATING COSTS	2	13,641,059	11,388,855
less operating income			
Other income	3	14,051,320	11,743,624
		(410,261)	(354,769)
Interest payable	6	2,025,893	1,705,547
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,615,632	1,350,778
Taxation	7	80,932	97,672
PROFIT BEFORE EXTRAORDINARY ITEMS		1,534,700	1,253,106
Extraordinary items	8	-	-
PROFIT FOR THE FINANCIAL YEAR		1,534,700	1,253,106
Dividends - proposed final	9	163,694	286,084
RETAINED PROFIT FOR THE YEAR		1,698,394	1,539,190
		-	1,500,000
	18	£1,698,394	£39,190

Ernst & Whinney

LINDUSTRIES LIMITED

BALANCE SHEET - 1 OCTOBER 1988

	Note	1988 £	1987 £
FIXED ASSETS			
Tangible assets	10	75,861	299,587
Investments	11	6,302,243	6,302,243
CURRENT ASSETS			
Debtors	12	41,008,223	44,987,972
Investments	13	4,000,000	4,000,000
Cash at bank and in hand		523,316	2,551,531
		<u>45,531,539</u>	<u>51,539,503</u>
CREDITORS - amounts falling due within one year			
Trade and other creditors	14	22,015,504	27,066,639
Dividends		-	1,500,000
		<u>22,015,504</u>	<u>28,566,639</u>
NET CURRENT ASSETS			
		<u>23,516,035</u>	<u>22,972,864</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£29,894,139</u>	<u>£29,574,694</u>
CREDITORS - amounts falling due after more than one year			
	15	-	1,453,045
CAPITAL AND RESERVES			
Called up share capital	17	6,951,758	6,951,758
Share premium account		4,673,640	4,673,640
Profit and loss account	18	18,268,741	16,496,251
		<u>29,894,139</u>	<u>28,121,649</u>

I Stewart

N F Wilkinson

Directors

6 December 1988

<u>£29,894,139</u>	<u>£29,574,694</u>
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LINDUSTRIES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 1 OCTOBER 1988

	1988 £	1987 £
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit before taxation	1,534,700	1,253,106
Extraordinary items involving the movement of funds	(5,591)	(8,916)
Items not involving the movement of funds:		
Depreciation	21,485	16,992
(Profit)/loss on redemption of debentures	(1,655)	9,842
(Profit)/loss on sale of fixed assets	(103,003)	3,468
	<u>1,445,936</u>	<u>1,274,492</u>
OTHER SOURCES		
Proceeds of sale of fixed assets	468,192	10,789
	<u>1,914,128</u>	<u>1,285,281</u>
FUNDS APPLIED		
Purchase of tangible fixed assets	36,659	35,421
Group transfers of tangible fixed assets	16,039	-
Repayment of term loans and debentures	1,451,390	217,052
Dividends paid	1,500,000	5,600,000
	<u>3,004,088</u>	<u>5,852,473</u>
(DECREASE) IN WORKING CAPITAL	<u>£(1,089,960)</u>	<u>£(4,567,192)</u>
Arising from movements in:		
Debtors	(3,979,749)	1,372,035
Creditors	4,918,004	(6,268,971)
Net liquid funds	<u>(2,028,215)</u>	<u>329,744</u>
	<u>£(1,089,960)</u>	<u>£(4,567,192)</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 1 OCTOBER 1988

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Depreciation

The cost of tangible fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Leasehold property	Shorter of length of lease or 50 years
Motor vehicles	4 years
Fixtures and fittings	4 - 8 years

(c) Deferred taxation

Provision is made when required for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(d) Consolidated accounts

The company is a wholly owned subsidiary of a body incorporated in Great Britain and advantage has been taken of S229(2) of the Companies Act 1985 in that consolidated accounts have not been prepared.

(e) Foreign currencies

Foreign currencies, in respect of amounts due to or from overseas subsidiaries, are translated at rates ruling at the balance sheet date. Differences on translation arising from variations in exchange rates are shown as a movement on retained profits.

2 TURNOVER

Turnover comprises the invoice value of services supplied to subsidiary and fellow subsidiary companies, exclusive of VAT and is all derived from within the United Kingdom.

3 OPERATING COSTS less operating income

	1988 £	1987 £
Employment costs (note 4)	135,949	165,401
Depreciation	21,485	16,992
Other operating charges	13,893,886	11,561,231
	<u>£14,051,320</u>	<u>£11,743,624</u>

Other operating charges include auditors' remuneration amounting to £25,000 (1987 - £24,996).

4 EMPLOYMENT COSTS

The average number of persons, including directors, employed during the financial year, all of whom were employed in the UK, amounted to 6 (1987 - 6).

	<u>£135,949</u>	<u>£165,401</u>
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EMOLUMENTS OF DIRECTORS

Employment costs include emoluments of directors amounting to £79,627 (1987 - £32,481).

The emoluments, excluding pension contributions, are detailed as follows:

6 OTHER INCOME

7 INTEREST PAYABLE

Bank interest and other loans repayable within 5 years	1988	1987
	<u>£80,932</u>	£97,672

LINDUSTRIES LIMITED

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NOTES ON THE ACCOUNTS - 1 OCTOBER 1988

8 TAXATION

There is no charge for taxation in the current year (1987 - £Nil).

Losses for taxation purposes amounting to approximately £177,000 will be surrendered for no consideration to fellow subsidiaries under the provisions of the Income & Corporation Taxes Act 1988.

9 EXTRAORDINARY ITEMS

	1988 £	1987 £
Profit on sale of leasehold property	110,250	-
Group company balances written off	59,035	295,000
Pensions and other expenses incurred in connection with former subsidiary	(5,591)	(8,916)
	<u>£163,694</u>	<u>£286,084</u>

10 TANGIBLE FIXED ASSETS

	Leasehold property £	Motor vehicles fixtures and fittings £	Total £
Cost			
At 26 September 1987	252,000	88,507	340,507
Additions	-	36,659	36,659
Transfers in	-	27,087	27,087
Disposals	(252,000)	(25,851)	(277,851)
At 1 October 1988	<u>-</u>	<u>126,402</u>	<u>126,402</u>
Depreciation			
At 26 September 1987	11,340	29,580	40,920
Transfers in	-	11,048	11,048
Charge for period	-	21,485	21,485
Disposals	(11,340)	(11,572)	(22,912)
At 1 October 1988	<u>-</u>	<u>50,541</u>	<u>50,541</u>
Net book amounts at 1 October 1988	£-	£75,361	£75,861
26 September 1987	<u>£240,660</u>	<u>£58,927</u>	<u>£299,587</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 1 OCTOBER 1988

11 FIXED ASSET INVESTMENTS

Subsidiaries:

	£
Cost	
At 1 October 1988 and 26 September 1987	<u>11,425,544</u>
Amounts written off	
At 1 October 1988 and 26 September 1987	<u>5,123,301</u>
Net book amounts	
At 1 October 1988 and 26 September 1987	<u>£6,302,243</u>

The principal subsidiaries at 1 October 1988 were as follows:

Company	Country of incorporation and operation	Activity
Delanair Limited	UK	) Engineering and
Robert Morton (DG) Limited	UK	) automotive
		) Products
H A Coombs Limited	UK	) Rubber and
St Albans Rubber Limited	UK	) plastic
William Warne Limited	UK	) products
Barbour Campbell Threads Limited	UK)
*Barbourgaren Nederland BV	Holland)
*Barbour Campbell Threads Pty Limited	Australia)
*Barbour Threads (Pty) Limited	South Africa)
Dunbar McMaster Limited	Eire)
*N V Barbour Threads - Belgium SA	Belgium)
*The Irish Thread Manufacturing Co Limited	Eire	) Textile products
*Industria Filati di Lino e Canapa SpA	Italy)
Longford Textiles Limited	Eire)
Longford Manufacturing Limited	Eire)
*Industrias Alta Mar SA	Mexico	) Products for
*Industrial del Fresno SA	Mexico	) fishing
		) industry
Barbour Campbell Textiles Limited	UK	) Holding company

All the above companies are wholly owned with the exception of Industrias Alta Mar SA and Industrial del Fresno SA which are 75.9% owned. Shares in each of the above are held by Lindustries Limited except those marked * which are held by a subsidiary.

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 1 OCTOBER 1988

12 DEBTORS

	1988 £	1987 £
Amount owed by ultimate holding company	-	10,601,654
Amounts owed by subsidiaries	30,400,651	25,566,616
Amounts owed by fellow subsidiaries	10,177,104	8,748,401
Other debtors and prepayments	430,468	71,301
	<u>£41,008,223</u>	<u>£44,987,972</u>

13 INVESTMENTS

	1988	1987
Short term deposits	<u>£4,000,000</u>	<u>£4,000,000</u>

The deposits were pledged as security against the 6 1/4% Debenture Stock 1984/89. This stock was redeemed during the year and the deposits were released from Escrow after the year end.

14 TRADE AND OTHER CREDITORS

	1988 £	1987 £
Trade creditors	135,555	65,811
Amounts owed to subsidiaries	13,250,215	884,066
Amounts owed to fellow subsidiaries	7,789,947	25,286,548
Accruals	86,734	160,207
Other creditors	753,053	670,007
	<u>£22,015,504</u>	<u>£27,066,639</u>

15 CREDITORS - amounts falling due after more than one year:

	1988	1987
6 1/4% Debenture Stock 1984/89 (secured)	£-	<u>£1,453,045</u>

All debenture stock was redeemed during the year.

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 1 OCTOBER 1988

16 DEFERRED TAXATION

No provision for deferred taxation at 1 October 1988 is required. Potential tax liabilities, which are not expected to crystallise in the foreseeable future, exist in respect of:

	1988 £	1987 £
Accelerated capital allowances	4,550	4,195
Short term timing differences	-	2,133
	<u>£4,550</u>	<u>£6,328</u>

17 CALLED UP SHARE CAPITAL

At 1 October 1988 and 26 September 1987 the share capital of the company was:

	Authorised £	Allotted, called up and fully paid £
3.5% cumulative preference stock of £1 each	1,100,000	1,100,000
4.2% preferred ordinary stock of £1 each	1,100,000	1,100,000
Ordinary shares of 25p each	10,300,000	4,751,758
	<u>£12,500,000</u>	<u>£6,951,758</u>

18 PROFIT AND LOSS ACCOUNT

	1988 £	1987 £
At 26 September 1987	16,496,251	16,404,190
Exchange rate adjustment	74,096	52,871
Retained profit for the year	1,698,394	39,190
At 1 October 1988	<u>£18,268,741</u>	<u>£16,496,251</u>

19 CONTINGENT LIABILITIES

The company have guaranteed the performance of certain contracts entered into by Teddington Bellows Limited, a fellow subsidiary company. The total value of these contracts amounts to £1.75 million.

20 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Hanson PLC which is incorporated in Great Britain.