SC

3848

Lindustries Limited
Report and Accounts

31 December 1997

Registered No. 3848

DIRECTORS

G Dransfield	(Appointed 29 May 1997)
S J Hurrell	(Appointed 29 May 1997)
K J Ludlam	(Appointed 12 April 1997)

SECRETARY
P D Tunnacliffe

AUDITORS
Ernst & Young
P O BOX 3
Lowgate House
Lowgate
Hull HU1 1JJ

REGISTERED OFFICE
George House
50 George Square
Glasgow G2 1RR

DIRECTORS' REPORT

The directors present their report and the audited accounts for the fifteen months ended 31 December 1997.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £265,782 and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company is a divisional holding company within the Hanson PLC group of companies. The principal subsidiary undertakings and its activity is listed in note 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report are listed on page 2. Other directors during the year were Mr C J Thomas who resigned on 12 April 1997 and Mr P J O'Shea who resigned on 29 May 1997.

None of the directors has any interest in the share capital of the company or its subsidiary undertaking.

Full details of directors' shareholdings and options to subscribe for shares in Hanson PLC, the ultimate parent company, are given in the company's Register of Director's Interests, which is open to inspection.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 judgements 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board
P D Tunnacliffe
Secretary

7 July, 1998

REPORT OF THE AUDITORS
to the members of Lindustries Limited

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material misstatement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst. Young

Ernst & Young
Registered Auditor
Hull

7 July, 1998

PROFIT AND LOSS ACCOUNT
for the period ended 31 December 1997

	Notes	*1997* (15 months) £	*1996* (12 months) £
TURNOVER	2	3,125,050	9,118,825
OPERATING COSTS	3	3,404,789	9,968,322
OPERATING LOSS		(279,739)	(849,497)
Exceptional item: Release of warranty provision relating to discontinued operations		1,500,000	-
Profit on disposal of investment in subsidiary		-	26,850
Profit on disposal of tangible fixed assets		-	5,107
Interest receivable		13,957	10,408
Dividends receivable	7	-	625,588
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,234,218	(181,544)
Taxation	6	-	16,155
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		1,234,218	(197,699)

Movements on reserves are set out in note 15.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
There are no recognised gains or losses other than the profit attributable to ordinary shareholders of £1,234,218 in the period ended 31 December 1997 (loss of £197,699 in the year ended 30 September 1996.)

BALANCE SHEET
at 31 December 1997

	Notes	*31 December 1997* £	*30 September 1996* £
FIXED ASSETS			
Tangible fixed assets	8	-	52,314
Investments	9	1,995,736	1,995,736
		1,995,736	2,048,050
CURRENT ASSETS			
Debtors	10	213,669,613	226,613,896
Cash at bank and in hand		303,474	308,287
		213,973,087	226,922,183
CREDITORS: amounts falling due within one year			
Trade and other creditors	11	190,460,142	203,164,375
NET CURRENT ASSETS		23,512,945	23,757,808
TOTAL ASSETS LESS CURRENT LIABILITIES		25,508,681	25,805,858
PROVISIONS FOR LIABILITIES AND CHARGES	12	288,000	1,819,395
		25,220,681	23,986,463
CAPITAL AND RESERVES			
Called up share capital	14	6,951,758	6,951,758
Share premium account		4,673,640	4,673,640
Profit and loss account	15	13,595,283	12,361,065
SHAREHOLDERS' FUNDS		25,220,681	23,986,463

K J Ludlam - Director

7 July, 1998

NOTES TO THE ACCOUNTS
at 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

Motor vehicles	3 years
Fixtures and fittings	3 years
Computer equipment	2 years

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 liabilities will crystallise.

Consolidated accounts
The company is a wholly owned subsidiary undertaking of a body registered in England and Wales and advantage has been taken of S228(1) of the Companies Act 1985 in that consolidated accounts have not been prepared. The financial statements present information about the company as an individual undertaking.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions
The company is a member of the Hanson Industrial Pension Scheme, a defined benefit plan. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

2. TURNOVER

Turnover comprises the invoice value of services supplied to fellow subsidiary undertakings, exclusive of VAT and is all derived from within the United Kingdom from the ordinary continuing activity of the company.

NOTES TO THE ACCOUNTS
at 31 December 1997

3. OPERATING COSTS

	1997 (15 months) £	*1996 (12 months)* £
Employment costs (note 4)	111,974	384,235
Depreciation of tangible fixed assets	15,608	35,380
Auditors' remuneration	6,000	25,000
Other operating charges	3,271,207	9,523,707
	3,404,789	9,968,322

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent company. It is not practicable to ascertain what proportion of such fees relates to the company.

4. EMPLOYMENT COSTS

	1997 (15 months) £	*1996 (12 months)* £
Wages and salaries	97,231	301,634
Social security costs	7,276	30,857
Pension costs	7,467	51,744
	111,974	384,235

The average number of persons, including directors, employed during the financial period, all of whom were employed in the UK, amounted to 3 (1996 - 6)

5. EMOLUMENTS OF DIRECTORS

	1997 (15 months) £	*1996 (12 months)* £
Employment, including pension contributions	43,167	283,813

The emoluments of the highest paid director were £ 43,167 (1996 - £151,123).

NOTES TO THE ACCOUNTS
at 31 December 1997

6. TAXATION

	1997	*1996*
	£	*£*
Adjustment in respect of prior years:		
Corporation tax	-	16,155

There is no credit for taxation based on the loss for the period because the company will surrender its losses by way of group relief, for no consideration, to other members of the group. This was also the case in 1996.

7. DIVIDENDS

	1997	*1996*
	£	*£*
Dividends received from subsidiary undertaking	-	625,588

Dividends payable in respect of 3.5% cumulative preference shares and 4.2% preferred ordinary shares for the period to 31 December 1997 have been waived.

8. TANGIBLE FIXED ASSETS

	Motor vehicles, fixtures and fittings
	£
Cost	
At 1 October 1996	111,242
Transfer to group company	(5,898)
Disposals	(105,344)
At 31 December 1997	-
Depreciation	
At 1 October 1996	58,928
Charge	15,608
Transfer to group company	(1,147)
Disposals	(73,389)
At 31 December 1997	-
Net book value at 31 December 1997	-
Net book value at 30 September 1996	52,314

NOTES TO THE ACCOUNTS
at 31 December 1997

9. FIXED ASSETS INVESTMENTS

	Subsidiary companies £
Cost:	
At 30 September 1996 and as at 31 December 1997	3,264,589
Provision for permanent diminution in value:	
At 30 September 1996 and at 31 December 1997	1,268,853
Net book amount at 31 December 1997 and 30 September 1996	1,995,736

In the opinion of the directors, the value of the company's investments in its subsidiary undertakings is not less than the net book amount at which they stated in the balance sheet.

The principal subsidiary undertakings, all of which are dormant at 31 December 1997 are as follows:

Company	*Country of registration and operation*	*Holding*	*Proportion of voting rights and shares held*
Delmorgal Limited	England	Ordinary shares	100%
Traveller International Limited	England	Ordinary shares	100%
Imperial Seafoods Limited	England	Ordinary shares	100%

10. DEBTORS

	1997 £	*1996* £
Amount owed by fellow group undertakings	213,668,146	226,550,366
Other debtors and prepayments	1,467	63,530
	213,669,613	226,613,896

11. TRADE AND OTHER CREDITORS

	1997 £	*1996* £
Trade creditors	-	12,213
Amounts owed to fellow group undertakings	190,460,142	203,079,234
Accruals	-	61,403
Taxation and social security	-	11,525
	190,460,142	203,164,375

NOTES TO THE ACCOUNTS
at 31 December 1997

12. PROVISIONS FOR LIABILITIES AND CHARGES

Warranty and other provisions

	£
At 30 September 1996	1,819,395
Utilised during the period	(31,395)
Released during the period	(1,500,000)
At 31 December 1997	288,000

13. DEFERRED TAXATION

No provision for deferred taxation at 31 December 1997 is required and there are no potential deferred tax liabilities (1996 - £Nil)

14. CALLED UP SHARE CAPITAL

At 31 December 1997 and 30 September 1996 the share capital of the company was:

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

The cumulative preference shares carry a dividend of 3.5% per annum payable out of the profits of the company available for dividends each year. The dividend rights are cumulative. All dividends for prior years have been paid or waived.

The preferred ordinary shares carry a dividend of 4.2% per annum payable out of the profits of the company available for dividends each year after payment of the cumulative preference shareholders dividend. The dividend rights are non cumulative. All dividends for prior years have been paid or waived.

The cumulative preference shares and preferred ordinary shares carry no votes at meetings unless the audited accounts show that the dividend has not been earned or the meeting includes any resolutions for the sale, reconstruction, reduction in capital or winding up of the company. In such an event each holder will be entitled to four votes per share.

On winding up of the company the cumulative preference shareholders have a right to receive, in preference to the preferred ordinary shareholders and the ordinary shareholders, £1 per share plus all arrears of dividends and accrued dividends. The preferred ordinary shareholders have a right to receive, in preference to the ordinary shareholders, £1per share.

NOTES TO THE ACCOUNTS
at 31 December 1997

15. PROFIT AND LOSS ACCOUNT

	£
At 30 September 1996	12,361,065
Profit for the period	1,234,218
At 31 December 1997	13,595,283

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	*1996* £
Profit/(Loss) attributable to the members of the company	1,234,218	(197,699)
Opening shareholders' funds	23,986,463	24,184,162
Closing shareholders' funds	25,220,681	23,986,463

17. SHAREHOLDERS' FUNDS ATTRIBUTABLE TO EQUITY AND NON EQUITY INTERESTS

	1997 £	*1996* £
Non equity shareholders' funds:		
3.5% cumulative preference shares	1,100,000	1,100,000
4.2% preferred ordinary shares	1,100,000	1,100,000
	2,200,000	2,200,000
Equity shareholders' funds	23,020,681	21,786,463
	25,220,681	23,986,463

18. PENSION COMMITMENTS

During the period, the company participated in the Hanson Industrial Pension Scheme and relevant employees are eligible for benefits under this scheme, which is of the defined benefit type. Funds are held externally under the supervision of the corporate trustee.

The employer's share of meeting the cost of the pension scheme, including the amortisation of any scheme surplus or deficit, is recognised in the profit and loss account on a systematic and even basis over the periods benefiting from the employees' service.

The pension cost is assessed in accordance with the advice of qualified actuaries using the projected unit method. The latest actuarial valuation of the Scheme was carried out as at 6 April 1996. For accounting purposes it has been assumed that future investment returns would be at the rate of 9% per annum and in valuing the assets that UK dividends would increase at 4.5% per annum. It has been assumed that the basic level of pay increases would average 7% per annum and pension increases would average 1.5% on pensions in excess of the GMP (with statutory increases applied to the GMP).

NOTES TO THE ACCOUNTS
at 31 December 1997

The total pension cost for the company for the fifteen months ended 31 December 1997 was £Nil, after taking account of the amortisation of the estimated surplus which is being recognised over 15 years, being the average remaining service lives of scheme members.

At 6 April 1996 the market value of the assets was in excess of £350 million. The valuation showed that the actuarial value of the Scheme at 6 April 1996 was materially in excess of the amount required to cover the benefits that had accrued to members, after allowing for expected future increases in earnings.

19. GROUP ACCOUNTS

The parent company of the group of undertakings for which group accounts are drawn up and of which the company is a member is Hanson PLC, registered in England and Wales. Hanson PLC is also the company's ultimate parent company. Copies of Hanson PLC's accounts can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Hanson PLC group.