


SC 3848

DIRECTORS' REPORT AND ACCOUNTS

LINDUSTRIES LIMITED

27 SEPTEMBER 1986

 Ernst & Whinney

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LINDUSTRIES LIMITED

DIRECTORS' REPORT

Directors: A R Cotton (Chairman)
I Stewart
M G Taylor
N F Wilkinson

Secretary: N F Wilkinson

Registered Office: 34 Fettes Row, Edinburgh EH3 6UT

The directors present their report for the 52 weeks ended 27 September 1986.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the company for the 52 weeks ended 27 September 1986. The profit for the period available to shareholders amounts to £5,839,559 and is dealt with as shown in the profit and loss account.

The directors propose the payment of a dividend of £5,600,000.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is a divisional holding company within the Hanson Trust group of companies. The principal subsidiaries and their activities are listed in note 12 to the accounts. All the subsidiaries have performed satisfactorily during the period.

DIRECTORS

The directors of the company during the 52 weeks ended 27 September 1986 were those listed above and Mr J J S Marshall who resigned on 14 April 1986. Mr I Stewart was appointed to the board on 14 April 1986.

DIRECTORS' INTERESTS

None of the directors has any interest in the share capital or loan stock of the company or its subsidiaries.

Mr M G Taylor is a director of the ultimate holding company, Hanson Trust PLC, in whose accounts his interests in that company are shown.

LINDUSTRIES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

The interests of the other directors in the shares and the loan stock of the ultimate holding company, Hanson Trust PLC, are as follows:

	Ordinary shares	
	27 September 1986	28 September 1985 (or date of appointment if later)
A R Cotton	150,000	112,500
I Stewart	47,600	9,450
N F Wilkinson	4,500	3,375

At 27 September 1986 N F Wilkinson held £3,200 8% Convertible Loan Stock (28 September 1985 £1,200 9 3/4% 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 period.

SUBSTANTIAL HOLDERS OF STOCK

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

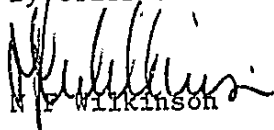
CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

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

3 December 1986

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 13 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 27 September 1986 and of the profit and source and application of funds of the company for the 52 weeks then ended and comply with the Companies Act 1985.

Ernst & Whinney

Hull

3 December 1986

LINDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1986

	Note	1986 £	1985 £
TURNOVER	2	10,714,632	10,489,387
OPERATING COSTS			
less operating income	3	<u>11,090,649</u>	<u>10,709,425</u>
		(376,017)	(220,038)
Other income	6	<u>6,989,109</u>	<u>5,018,761</u>
		6,613,092	4,798,723
Interest payable	7	<u>104,518</u>	<u>103,883</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,508,574	4,694,840
Taxation (credit)/charge	8	<u>(239,432)</u>	<u>39,000</u>
PROFIT BEFORE EXTRAORDINARY ITEMS		6,748,006	4,655,840
Extraordinary items	9	<u>908,447</u>	<u>121,968</u>
PROFIT FOR THE FINANCIAL PERIOD		5,839,559	4,533,872
Dividends	10	<u>5,600,000</u>	<u>4,251,000</u>
RETAINED PROFIT FOR THE PERIOD	19	<u>£239,559</u>	<u>£282,872</u>

LINDUSTRIES LIMITED

BALANCE SHEET - 27 SEPTEMBER 1986

	Note	1986 £	1985 £
FIXED ASSETS			
Tangible assets	11	295,415	288,331
Investments	12	6,338,029	6,487,142
CURRENT ASSETS			
Debtors	13	43,615,937	36,346,292
Investments	14	4,000,000	4,000,000
Cash at bank and in hand		2,221,787	493,065
		<u>49,837,724</u>	<u>40,839,357</u>
CREDITORS - amounts falling due within one year			
Trade and other creditors	15	21,181,325	13,616,607
Taxation		-	223,277
Dividends		5,600,000	4,160,000
		<u>26,781,325</u>	<u>17,999,884</u>
NET CURRENT ASSETS		<u>23,056,399</u>	<u>22,839,473</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£29,689,843</u>	<u>£29,614,946</u>
CREDITORS - amounts falling due after more than one year			
	16	1,660,255	1,660,255
CAPITAL AND RESERVES			
Called-up share capital	18	6,951,758	6,951,758
Share premium account		4,673,640	4,673,640
Profit and loss account	19	16,404,190	16,329,293
		28,029,588	27,954,691
		<u>£29,689,843</u>	<u>£29,614,946</u>



I Stewart



N F Wilkinson

Directors

3 December 1986

LINDUSTRIES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE 52 WEEKS ENDED 27 SEPTEMBER 1986

	1986 £	1985 £
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit before taxation	6,508,574	4,694,840
Extraordinary items involving the movement of funds	(8,447)	123,032
Items not involving the movement of funds:		
Depreciation	17,740	9,917
(Profit)/loss on disposal of fixed asset investments	(1,109)	3,873
	<u>6,516,758</u>	<u>4,831,662</u>
OTHER SOURCES		
Net proceeds of sale of fixed asset investments	<u>2,109</u>	<u>7,241</u>
	<u>6,518,867</u>	<u>4,838,903</u>
FUNDS APPLIED		
Purchase of tangible fixed assets	17,625	30,108
Group transfers of tangible fixed assets	7,200	252,000
Taxation paid	-	54,112
Repayment of term loans and debentures	-	189,040
Dividends paid	<u>4,160,000</u>	<u>3,502,085</u>
	<u>4,184,825</u>	<u>4,027,345</u>
INCREASE IN WORKING CAPITAL	<u>£2,334,042</u>	<u>£811,558</u>
Arising from movements in:		
Debtors	7,269,645	4,753,510
Creditors	(6,664,325)	(3,586,689)
Net liquid funds	<u>1,728,722</u>	<u>(355,263)</u>
	<u>£2,334,042</u>	<u>£811,558</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

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:

	1986 £	1985 £
Employment costs (note 4)	65,988	41,127
Depreciation	17,740	9,917
Other operating charges	<u>11,006,921</u>	<u>10,658,381</u>
	<u>£11,090,649</u>	<u>£10,709,425</u>

Other operating charges include auditors' remuneration amounting to £19,406 (1985 - £18,744).

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

4 EMPLOYMENT COSTS

	1986	1985
	£	£
Wages and salaries	52,200	33,689
Social security costs	7,088	2,495
Pension costs	<u>6,700</u>	<u>4,943</u>
	<u>£65,988</u>	<u>£41,127</u>

The average number of persons, including directors, employed during the financial period, all of whom were employed in the UK, amounted to 6 (1985 - 6).

5 EMOLUMENTS OF DIRECTORS

Employment costs include emoluments of directors amounting to £26,242 (1985 - £23,948).

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

	1986	1985
	£	£
Chairman	-	-
Highest paid director	<u>24,000</u>	<u>21,900</u>
Other directors in scale	Number of directors	
Not more than £5,000	3	3

6 OTHER INCOME

	1986	1985
	£	£
Income from shares in group companies	6,950,000	4,920,000
Income from shares in related companies	-	39,000
Other income	<u>39,109</u>	<u>59,761</u>
	<u>£6,989,109</u>	<u>£5,018,761</u>

7 INTEREST PAYABLE

	1986	1985
Bank interest and other loans repayable within 5 years	<u>£104,518</u>	<u>£103,883</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

8 TAXATION

The (credit)/charge based on the profit for the period comprises:

	1986 £	1985 £
Adjustment relating to prior years	(239,432)	-
Advance corporation tax	<u>-</u>	<u>39,000</u>
	<u>£(239,432)</u>	<u>£39,000</u>

Losses for taxation purposes amounting to approximately £366,000 will be surrendered for no consideration to fellow subsidiaries under the provisions of the Income & Corporation Taxes Act 1970.

9 EXTRAORDINARY ITEMS

	1986 £	1985 £
Provision to reduce investments and indebtedness in subsidiaries to net asset value	900,000	200,000
Write back of provision for subsidiaries rationalisation costs	-	(155,000)
Disposal of subsidiary	-	70,353
Pensions and other expenses incurred in connection with former subsidiary	<u>8,447</u>	<u>6,615</u>
	<u>£908,447</u>	<u>£121,968</u>

10 DIVIDENDS

	1986 £	1985 £
Ordinary - interim paid	-	91,000
Ordinary - proposed final	<u>5,600,000</u>	<u>4,160,000</u>
	<u>£5,600,000</u>	<u>£4,251,000</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

11 TANGIBLE FIXED ASSETS

	Leasehold property £	Motor vehicles, fixtures and fittings £	Total £
Cost			
At 28 September 1985	252,000	49,431	301,431
Additions	-	17,625	17,625
Inter group transfers	-	11,520	11,520
At 27 September 1986	252,000	78,576	330,576
Depreciation			
At 28 September 1985	1,260	11,840	13,100
Charge for period	5,040	12,700	17,740
Inter group transfers	-	4,320	4,320
At 27 September 1986	6,300	28,860	35,160
Net book amounts at 27 September 1986	£245,700	£49,716	£295,416
Net book amounts at 28 September 1985	£250,740	£37,591	£288,331

12 FIXED ASSET INVESTMENTS

	Subsidiaries £	Unlisted investment £	Total £
Cost			
At 28 September 1985	11,425,544	1,000	11,426,544
Disposals	-	(1,000)	(1,000)
At 27 September 1986	11,425,544	-	11,425,544
Amounts written off			
At 28 September 1985	4,939,402	-	4,939,402
Amounts written off in the period	148,113	-	148,113
At 27 September 1986	5,087,515	-	5,087,515
Net book amounts at 27 September 1986	£6,338,029	£ -	£6,338,029
Net book amounts at 28 September 1985	£6,486,142	£1,000	£6,487,142

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

12 FIXED ASSET INVESTMENTS (continued)

The principal subsidiaries at 27 September 1986 are as follows:

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

13 DEBTORS

	1986 £	1985 £
Amount owed by ultimate holding company	20,477,112	15,172,237
Amounts owed by subsidiaries	22,691,277	21,087,679
Amounts owed by fellow subsidiaries	53,113	43,687
Other debtors and prepayments	394,435	42,689
	<u>£43,615,937</u>	<u>£36,346,292</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

14 INVESTMENTS

	1986	1985
Short term deposits	<u>£4,000,000</u>	<u>£4,000,000</u>

The deposits are pledged as security against the 6.1/4% Debenture Stock 1984/89.

15 TRADE AND OTHER CREDITORS

	1986 £	1985 £
Trade creditors	30,124	46,416
Amounts owed to subsidiaries	980,625	815,963
Amounts owed to fellow subsidiaries	19,299,463	12,067,441
Taxation and social security	2,783	8,445
Accruals	215,875	158,118
Other creditors	<u>652,455</u>	<u>520,224</u>
	<u>£21,181,325</u>	<u>£13,616,607</u>

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

	1986	1985
6.1/4% Debenture stock 1984/89 (secured)	<u>£1,660,255</u>	<u>£1,660,255</u>

17 DEFERRED TAXATION

No provision for deferred taxation at 27 September 1986 is required. Potential tax liabilities, which are not expected to crystallise in the foreseeable future, exist in respect of:

	1986 £ -	1985 £5,035
Accelerated capital allowances	<u> </u>	<u> </u>

18 CALLED-UP SHARE CAPITAL

At 27 September 1986 and 28 September 1985 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
	<u>10,300,000</u>	<u>4,751,758</u>
Ordinary shares of 25p each	<u>£12,500,000</u>	<u>£6,951,758</u>

LINDUSTRIES LIMITED

NOTES ON THE ACCOUNTS - 27 SEPTEMBER 1986

19 PROFIT AND LOSS ACCOUNT

	1986 £	1985 £
At 28 September 1985	16,329,293	16,043,902
Exchange rate adjustment	(164,661)	2,519
Retained profit for the period	<u>239,559</u>	<u>282,872</u>
At 27 September 1986	<u>£16,404,190</u>	<u>£16,329,293</u>

20 CONTINGENT LIABILITIES

At 27 September 1986 the company had given an unlimited guarantee in respect of a bank overdraft of the ultimate holding company, Hanson Trust PLC, amounting to £448,950,825 (1985 - £36,836,101).

21 ULTIMATE HOLDING COMPANY

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