
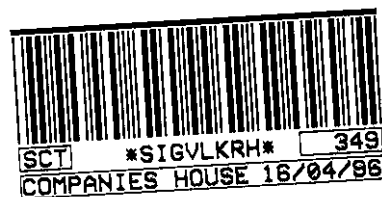
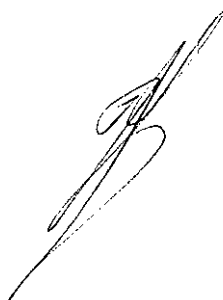


Lindustries Limited

Report and Accounts

30 September 1995

 ERNST & YOUNG



DIRECTORS

C J Thomas
P J O'Shea

SECRETARY

P J O'Shea

AUDITORS

Ernst & Young
PO Box 3
Lowgate House
Lowgate
Hull HU1 1JJ

REGISTERED OFFICE

George House
50 George Square
Glasgow G2 1RR

The directors present their report and the audited accounts for the year ended 30 September 1995.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £1,555,952 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 THE BUSINESS

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

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were those listed on page 1, together with Mr P J Harper who resigned on 5 December 1994.

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

Mr C J Thomas is a director of Hanson Holdings (1) Limited in whose accounts his interests in the share capital of the ultimate parent company, Hanson PLC, are shown.

The only other declarable interests in the share capital of the ultimate parent company are as follows:

Ordinary shares of 25 pence

	Balance at 30 September 1995	Balance at 30 September 1994
P J O' Shea	2,200	2,200

In addition, Mr P J O'Shea has a contingent interest in 6,657 ordinary shares consequent to the demerger of USI. He becomes entitled to these additional shares out of a newly established employee share trust on the exercise of his options granted prior to 1 June 1995.

Options to subscribe for ordinary shares

	Balance at 30 September 1994	Granted	Balance at 30 September 1995	Weighted average price of outstanding options	Exercise dates
P J O' Shea	44,000	-	44,000	180.5p	1/1994 - 1/2001
P J O' Shea*	71,000	41,000	112,000	233.6p	1/1993 - 12/2004

* In respect of options with exercise prices greater than the market price at 30 September 1995.

Options granted during the year were at a subscription price of 228.5p per share.

No options lapsed or were exercised during the year. The market price of the shares at 30 September 1995 was 202.5p and the range during the year, adjusted to reflect the financial demerger of USI, was 198.5p to 242.0p.

Full details of directors' shareholdings and options to subscribe for shares are given in the company's Register of Directors' 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 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 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.

By order of the Board



P J O'Shea
Secretary

29 March 1996

REPORT OF THE AUDITORS
to the members of Lindustries Limited

We have audited the accounts on pages 5 to 12 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 30 September 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Hull

29 March 1996

Lindustries Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1995

	Notes	1995 £	1994 £
TURNOVER	2	8,608,350	17,162,900
OPERATING COSTS	3	9,752,972	17,740,973
OPERATING LOSS		(1,144,622)	(578,073)
Profit on disposal of tangible fixed assets		9,724	-
Exceptional write down of investment in subsidiary		(431,766)	-
Interest receivable		10,712	5,322
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,555,952)	(572,751)
Taxation	6	-	-
LOSS FOR THE FINANCIAL YEAR		(1,555,952)	(572,751)

Movements on reserves are set out in note 15.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £1,555,952 in the year ended 30 September 1995 and £572,751 in the year ended 30 September 1994.

Lindustries Limited

BALANCE SHEET

at 30 September 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible fixed assets	8	79,262	21,171
Investments	9	1,995,736	2,427,502
		<u>2,074,998</u>	<u>2,448,673</u>
CURRENT ASSETS			
Debtors	10	228,549,519	218,447,785
Cash at bank and in hand		250,929	226,406
		<u>228,800,448</u>	<u>218,674,191</u>
CREDITORS: amounts falling due within one year			
Trade and other creditors	11	204,455,994	192,954,944
NET CURRENT ASSETS		<u>24,344,454</u>	<u>25,719,247</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,419,452</u>	<u>28,167,920</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	2,235,290	2,427,806
		<u>24,184,162</u>	<u>25,740,114</u>
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	12,558,764	14,114,716
SHAREHOLDERS' FUNDS ATTRIBUTABLE TO EQUITY AND NON EQUITY INTERESTS		<u>24,184,162</u>	<u>25,740,114</u>



C.J. Thomas)

A.J. Shea)

P.J. O'Shea)

Directors

29 March 1996

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 30 September 1995

3. OPERATING COSTS

	1995 £	1994 £
Employment costs (note 4)	696,256	177,733
Depreciation of tangible fixed assets	32,815	14,975
Auditors' remuneration	24,523	37,000
Other operating charges	8,999,378	17,511,265
	<u>9,752,972</u>	<u>17,740,973</u>

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

	1995 £	1994 £
Wages and salaries	315,285	271,514
Social security costs	33,471	19,719
Other Pension costs	347,500	(113,500)
	<u>696,256</u>	<u>177,733</u>

The average number of persons, including directors, employed during the financial year, all of whom were employed in the UK, amounted to 5 (1994 - 4).

5. EMOLUMENTS OF DIRECTORS

	1995 £	1994 £
Employment, including pension contributions	<u>293,740</u>	<u>225,772</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1995 No.	1994 No.
Not more than £5,000	1	3
£75,501 - £80,000	-	1
£110,001 - £115,000	1	-
£150,001 - £155,000	1	1

The emoluments of the highest paid director, who is also the chairman, were £153,427 (1994 -£150,117).

6. TAXATION

There is no credit for taxation based on the loss for the year 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 1994.

NOTES TO THE ACCOUNTS

at 30 September 1995

7. DIVIDENDS

Dividends in respect of 3.5% cumulative preference shares and 4.2% preferred ordinary shares for the year to 30 September 1995 have been waived.

8. TANGIBLE FIXED ASSETS

	<i>Motor vehicles, fixture and fittings £</i>
Cost:	
At 30 September 1994	46,706
Additions	88,017
Group transfers	6,078
Disposals	(35,445)
At 30 September 1995	<u>105,356</u>
Depreciation:	
At 30 September 1994	25,535
Charge for the year	32,815
Disposals	(32,256)
At 30 September 1995	<u>26,094</u>
Net book amounts:	
At 30 September 1995	<u>79,262</u>
At 30 September 1994	<u>21,171</u>

9. FIXED ASSET INVESTMENTS

	<i>1995 £</i>	<i>1994 £</i>
Shares in subsidiary undertakings at cost	3,264,591	3,264,591
Provisions for permanent diminution in value	(1,268,855)	(837,089)
Net book amount	<u>1,995,736</u>	<u>2,427,502</u>

An additional provision of £431,766 has been made during the year.

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 are stated in the balance sheet.

NOTES TO THE ACCOUNTS

at 30 September 1995

9. FIXED ASSET INVESTMENTS (continued)

The principal subsidiary undertaking at 30 September 1995 was as follows:

<i>Company</i>	<i>Country of incorporation and operation</i>	<i>Activity</i>
Industrial Del Fresno SA	Mexico	Products for fishing industry

The company owns 75.9% of the issued share capital of Industrial Del Fresno SA.

10. DEBTORS

	<i>1995 £</i>	<i>1994 £</i>
Amount owed by parent company	196,755,234	201,914,126
Amounts owed by fellow subsidiary undertakings	31,699,659	16,010,706
Other debtors and prepayments	94,626	522,953
	<u>228,549,519</u>	<u>218,447,785</u>

11. TRADE AND OTHER CREDITORS

	<i>1995 £</i>	<i>1994 £</i>
Trade creditors	23,360	99,567
Amounts owed to fellow subsidiary undertakings	204,300,934	192,658,278
Accruals	121,070	187,054
Taxation and social security	10,630	10,045
	<u>204,455,994</u>	<u>192,954,944</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Warranty and other provisions:

	<i>£</i>
At 30 September 1994	2,427,806
Utilised during the year	(192,516)
At 30 September 1995	<u>2,235,290</u>

13. DEFERRED TAXATION

No provision for deferred taxation at 30 September 1995 is required and there are no potential deferred tax liabilities (1994 - £Nil).

NOTES TO THE ACCOUNTS

at 30 September 1995

14. CALLED UP SHARE CAPITAL

At 30 September 1995 and 30 September 1994 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
	<u>12,500,000</u>	<u>6,951,758</u>

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 a 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, £1 per share.

15. PROFIT AND LOSS ACCOUNT

	£
At 30 September 1994	14,114,716
Loss for the year	(1,555,952)
At 30 September 1995	<u>12,558,764</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Total shareholders' funds:

	1995 £	1994 £
Loss attributable to the members of the company	(1,555,952)	(572,751)
Opening shareholders' funds	25,740,114	26,312,865
Closing shareholders' funds	<u>24,184,162</u>	<u>25,740,114</u>

NOTES TO THE ACCOUNTS

at 30 September 1995

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

	1995 £	1994 £
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
	<u>2,200,000</u>	<u>2,200,000</u>
Equity shareholders' funds	21,984,162	23,540,114
	<u>24,184,162</u>	<u>25,740,114</u>

18. CAPITAL COMMITMENTS

Amounts authorised by the directors but not contracted for were £Nil (1994 - £Nil).

19. PENSION COMMITMENTS

During the year, 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 1995. 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).

The total pension cost for the company for the year ended 30 September 1995 was £347,500, 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 1995 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 1995 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.

20. 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.