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SOUTH COAST SHIPPING COMPANY LIMITED

DIRECTORS' REPORT

1. The directors submit their annual report, together with the audited accounts for the year ended 31st December 1981.

Shareholders and Share Capital

2. During the year the company became a wholly owned subsidiary of Hall & Ham River plc following the acquisition by Hall & Ham River plc of the interest of Ocean Transport Trading Group in Cory Hall Limited, the company's former parent company.

3. In May 1981, as a result of the change in ultimate ownership, the existing share capital, which was divided into A and B ordinary shares of £1 each, was redesignated ordinary shares of £1 each.

Profits and Dividends

4. (a) The profits for the year and the appropriations thereof are set out on page 4.
- (b) The directors recommend that a dividend of £738 (1980 - £145,431) be paid out of profits to 31st December 1981, to the shareholders shown in the company's share register on that date.

Principal Activity

5. The company's principal activity is that of dredger owning and ancillary trades.

Exports

6. During the year ended 31st December 1981 goods to the value of £303,776 (1980 - £923,490) were exported from the United Kingdom.

Change of Fixed Assets

7. The movements in fixed assets during the year are set out in the table on page 11.

Interests in Land

8. The company has no interests in land.

Directors

9. The directors of the company at 31st December 1981, all of whom were directors for the whole of the year, were Messrs. P.J. Owen, J.S. Ormsby and J.E. Gwilliam.
10. In addition Messrs H.J. Bowers and E.C. Marshall were directors until their resignation on 18th May 1981.



Directors' Shareholdings

11. None of the directors was interested in the share capital of the company or of the holding company, Hall & Ham River plc.

Mr. P.J. Owen is also a director of the company's ultimate holding company, RMC Group Plc, and his interests are disclosed in that company's accounts.

The interests of the other directors and their families in the share capital of the company's ultimate holding company, RMC Group plc, are set out below in accordance with the register kept under Section 29 of the Companies Act 1967.

<u>Director</u>	<u>Ordinary shares of 25p each</u>			
	<u>At 1st January 1981</u>		<u>At 31st December 1981</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
J.S. Ormsby	15,900	15,000	5,000	Nil
J.E. Gwilliam	Nil	Nil	Nil	Nil

The above shareholdings include shares acquired under the RMC Share Incentive Scheme.

The above options were granted on 2nd October 1974 at a price of 35p per share under the scheme approved by the shareholders of RMC Group plc on 18th December 1973. No payment was made for the granting of these options. No additional options were granted during the year to 31st December 1981.

Under the terms of the Scheme the above options were exerciseable before seven years from the date of granting of these options.

None of the directors of this company had any interest in the 7 3/4% French Franc Bonds 1987 issued by RMC Group plc.

Directors' Contracts

12. None of the directors had a material interest in any contract to which the company was a party during the financial year.

Auditors

13. A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A. H. Taylor
Secretary

15th March 1982

RMC House,
High Street,
Feltham,
Middlesex.



AUDITORS' REPORT TO THE MEMBERS OF
SOUTH COAST SHIPPING COMPANY LIMITED

We have audited the accounts 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 31st December 1981 and of its profit for the year then ended and comply with the Companies Acts 1948 to 1981.

The accounts do not specify the manner in which the operations of the company have been financed or in which its financial resources have been used during the year as required by Statement of Standard Accounting Practice Number 10.

Coopers + Lybrand

LONDON, 15th March 1982

Chartered Accountants

SOUTH COAST SHIPPING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1981

	<u>Notes</u>	<u>1981</u> £	<u>1980</u> £
TURNOVER	2	<u>£4,525,769</u>	<u>£4,733,523</u>
OPERATING PROFIT	3	273,716	296,506
Interest (paid)/received	4	<u>(16,795)</u>	<u>245</u>
		256,921	296,751
PAYMENT FOR GROUP RELIEF	5	<u>327,000</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(70,079)	296,751
TAXATION (CREDIT)/CHARGE	5	<u>(70,817)</u>	<u>151,320</u>
RETAINED PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS		738	145,431
RETAINED PROFIT AT THE BEGINNING OF THE YEAR		<u>-</u>	<u>-</u>
		738	145,431
ORDINARY DIVIDEND - PROPOSED		<u>738</u>	<u>145,431</u>
RETAINED PROFIT AT THE END OF THE YEAR		<u>£ -</u>	<u>£ -</u>


The notes on pages 7 to 12 form part of these accounts.

Auditors' report - page 3.

SOUTH COAST SHIPPING COMPANY LIMITED

BALANCE SHEET - 31ST DECEMBER 1981

	Notes	1981	1980
		£	£
CAPITAL EMPLOYED			
SHARE CAPITAL			
Ordinary shares of £1 each	7		
Authorised		£280,000	£280,000
Issued and fully paid		260,000	260,000
RETAINED PROFIT		-	-
SHAREHOLDERS' FUNDS		260,000	260,000
LOAN FROM PARENT COMPANY	8	2,036,630	556,955
DEFERRED LIABILITIES AND PROVISIONS			
Provisions	9	188,560	178,923
Deferred taxation	10	315,000	522,300
		503,560	701,223
		£2,800,190	£1,518,178



Directors

The notes on pages 7 to 12 form part of these accounts.

Auditors' report - page 3.

SOUTH COAST SHIPPING COMPANY LIMITED

BALANCE SHEET - 31ST DECEMBER 1981 - Continued

	<u>Notes</u>	<u>1981</u>		<u>1980</u>	
		£	£	£	£
EMPLOYMENT OF CAPITAL					
FIXED ASSETS	11		903,138		1,254,620
CURRENT ASSETS					
Stocks	12	476,482		411,286	
Debtors and prepayments		983,204		1,779,726	
Amounts due from group companies		1,232,011		356,752	
Cash and bank balances		67,920		42,495	
		<u>2,759,617</u>		<u>2,590,259</u>	
<u>Less:</u>					
CURRENT LIABILITIES					
Creditors		713,502		1,233,192	
Amounts due to group companies		12,325		110,000	
Bank overdraft		-		838,078	
Current taxation		136,000		-	
Proposed dividend		738		145,431	
		<u>862,565</u>		<u>2,326,701</u>	
NET CURRENT ASSETS			<u>1,897,052</u>		<u>263,558</u>
			<u>£2,800,190</u>		<u>£1,518,178</u>

The notes on pages 7 to 12 form part of these accounts.

Auditors' report - page 3.

SOUTH COAST SHIPPING COMPANY LIMITED
NOTES TO THE ACCOUNTS - 31ST DECEMBER 1981

1. Principal Accounting Policies

(a) Basis of Accounting

The accounts have been prepared using the historical cost convention.

(b) Depreciation

Depreciation is calculated to write off the cost of fixed assets, less government grants, over their expected useful lives on the straight line basis. The length of the expected useful lives of the assets to the business is reassessed periodically in the light of experience.

Straight line annual rates of depreciation most widely used are:-

Leasehold land and buildings	2% (or over the life of the lease if shorter)
Ships	5%
Plant, machinery and equipment	6 2/3% - 15%
Motor cars and commercial vehicles	20%

(c) Deferred Taxation

Full provision is made for deferred taxation, using the liability method, as investment policy on capital expenditure is under the control of RMC Group plc, and it is not therefore possible, in respect of the company as a separate legal entity, to foresee that a liability for corporation tax will not arise in the future.

(d) Provisions

Provisions are made against the estimated future cost of ships surveys, on the basis of apportioning these costs equitably from year to year. Provisions also include credits received in connection with charter party agreements the benefits of which will be spread over the period of the agreements.

(e) Stocks

Stocks are stated at the lower of cost and net realisable value.

(f) Debtors

All known bad debts in respect of trade debtors are written off or fully provided for and, in addition, general provisions are made where appropriate.

SOUTH COAST SHIPPING COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1981 - Continued

1. Principal Accounting Policies - Continued

(g) Pensions

The company's pension obligations are financed by annual payments to separate funds which are valued triennially by actuaries. The annual cost to the company of these pension arrangements is charged in arriving at the operating profit for the year.

(h) Bank Balances

Balances on foreign bank accounts have been converted at the exchange rates prevailing at the year end.

2. Turnover

Turnover comprises sales of marine dredged aggregates at invoiced value, excluding value added tax, of £4,525,769 (1980 - £4,733,523), of which £3,786,662 (1980 - £3,024,061) represents sales to other group companies.

3. Operating Profit

The profit is stated after charging:-

	<u>1981</u> £	<u>1980</u> £
Directors' emoluments for management (note 6)	16,510	14,732
Auditors' remuneration	3,000	2,450
Hire of plant and machinery	282,000	280,645
Depreciation	169,914	169,706

and crediting:-

Net profit on sale of fixed assets other than properties	<u>1,553</u>	<u>59,483</u>
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4. Interest

	<u>1981</u> £	<u>1980</u> £
Bank loans and overdrafts	(17,573)	-
Less: Interest receivable	<u>778</u>	<u>245</u>
	<u>£(16,795)</u>	<u>£245</u>

SOUTH COAST SHIPPING COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1981 - Continued

5. Taxation

	<u>1981</u> £	<u>1980</u> £
On the profits for the year:		
United Kingdom corporation tax at 52% (1980 - 52%)	136,000	-
Deferred taxation (credit)/charge	(207,300)	83,100
	<u>71,300</u>	<u>83,100</u>
Under/(over) provisions in prior years	71,961	(64,993)
	661	18,107
Adjustment to the payment for group relief in respect of prior years	(71,478)	71,478
Repayment for consortium relief	-	61,735
	<u>£(70,817)</u>	<u>£151,320</u>

The anticipated group relief in respect of losses for 1980 is subsequently no longer available and therefore the current charge is further reduced by the deduction of the prior year payment for these losses, amounting to £71,478. The repayment of £61,735 in 1980 for consortium relief arose as a result of prior year tax losses of the company not being taken up by a member of the consortium.

The charge for corporation tax is stated after taking credit for group relief in respect of tax losses of £400,000 which will be surrendered by a fellow subsidiary for a payment of £327,000.

6. Directors' Emoluments

	<u>1981</u>	<u>1980</u>
Emoluments of the Chairman	<u>£Nil</u>	<u>£Nil</u>
Emoluments of the highest paid director	<u>£14,808</u>	<u>£13,190</u>
Number of directors whose emoluments were within the ranges:		
Nil - £5,000	4	5
£5,001 - £10,000	-	-
£10,001 - £15,000	1	1

SOUTH COAST SHIPPING COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1981 - Continued

7. Share Capital

In May 1981 the existing authorised share capital of 280,000 ordinary shares of £1, divided into 140,000 'A' shares and 140,000 'B' shares, of which 130,000 'A' shares and 130,000 'B' shares were issued, was redesignated as 280,000 ordinary shares of £1 of which 260,000 are issued.

8. Loan

The loan from the parent company is unsecured, free of interest and repayable at not less than twelve months notice.

9. Provisions

	<u>Charter party payments</u> £	<u>Surveys and repairs</u> £	<u>Total</u> £
Balance at 1st January 1981	54,579	124,344	178,923
Provided in 1981	<u>(5,897)</u>	<u>83,599</u>	<u>77,702</u>
	48,682	207,943	256,625
<u>Less:</u>			
Expenditure in 1981	<u>-</u>	<u>68,065</u>	<u>68,065</u>
Balance at 31st December 1981	<u>£48,682</u>	<u>£139,878</u>	<u>£188,560</u>

SOUTH COAST SHIPPING COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1981 - Continued

10. Deferred Taxation

	<u>1981</u>	<u>1980</u>
	£	£
Timing differences on:-		
Depreciation of fixed assets and expense provisions	314,940	522,240
Deferred chargeable gain	60	60
	<u>£315,000</u>	<u>£522,300</u>

11. Fixed Assets

	<u>Short leasehold buildings</u>	<u>Ships</u>	<u>Equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1st January 1981	1,971	2,591,927	33,491	37,397	2,664,786
Additions at cost	-	14,405	898	32,395	47,698
	<u>1,971</u>	<u>2,606,332</u>	<u>34,389</u>	<u>69,792</u>	<u>2,712,484</u>
<u>Less:</u>					
Disposals	-	25,800	-	19,798	45,598
Transfers to other group companies	-	424,577	-	-	424,577
	<u>-</u>	<u>424,577</u>	<u>-</u>	<u>-</u>	<u>424,577</u>
At 31st December 1981	<u>1,971</u>	<u>2,155,955</u>	<u>34,389</u>	<u>49,994</u>	<u>2,242,309</u>
<u>Depreciation</u>					
At 1st January 1981	1,563	1,382,170	10,022	16,411	1,410,166
Charged to profit and loss account	12	154,086	6,086	9,730	169,914
	<u>1,575</u>	<u>1,536,256</u>	<u>16,108</u>	<u>26,141</u>	<u>1,580,080</u>
<u>Less:</u>					
Disposals	-	-	-	14,176	-
Transfers to other group companies	-	226,733	-	-	226,733
	<u>-</u>	<u>226,733</u>	<u>-</u>	<u>-</u>	<u>226,733</u>
At 31st December 1981	<u>1,575</u>	<u>1,309,523</u>	<u>16,108</u>	<u>11,965</u>	<u>1,339,171</u>
<u>Net book value at 31st December 1981</u>	<u>£396</u>	<u>£846,432</u>	<u>£18,281</u>	<u>£38,029</u>	<u>£903,138</u>
<u>Net book value at 31st December 1980</u>	<u>£408</u>	<u>£1,209,757</u>	<u>£23,469</u>	<u>£20,986</u>	<u>£1,254,620</u>

SOUTH COAST SHIPPING COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1981 - Continued

12. Stocks

	<u>1981</u>	<u>1980</u>
Stock comprise maintenance and other stocks	£476,482	£411,286
	<u>£476,482</u>	<u>£411,286</u>

13. Capital Commitments and Authorisations

	<u>1981</u>	<u>1980</u>
	£	£
Capital expenditure commitments	10,000	13,000
Capital expenditure authorised but not contracted for	-	16,000
	<u>£10,000</u>	<u>£29,000</u>

14. Ultimate Holding Company

The company's ultimate holding company is RMC Group plc, which is incorporated in Great Britain.