

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1985

The directors have pleasure in presenting their report and the audited accounts for the year ended 31 December 1985.

REVIEW OF THE BUSINESS

The principal activity of the company is property investment, its manufacturing operations having been transferred to another group company as at 31 December 1984. The profit for the year before taxation was £267,733 compared with £58,900 for the previous year.

DIVIDEND

The profit and loss account shows a profit for the year available for distribution of which £260,098 will be paid as an interim dividend to the holding company. No final dividend will be recommended by the directors.

DIRECTORS

The following is a list of all persons who were directors of the company at any time between 1 January 1985 and the date of this report:

J.F. Booth
P. Haskell
A.E. Mounsey

The interests of the directors, other than those who are also directors of the holding company, in the issued share and loan capital of group companies were as follows:

Hepworth Ceramic Holdings PLC	31 December 1985	1 January 1985
-----	-----	-----
Ordinary shares of 25p each		
A.E. Mounsey	8134	8134

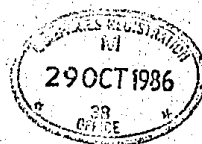
AUDITORS

The auditors, Frank, Brown and Walford offer themselves for re-appointment.

By Order of the Board

M.H. Barton
Secretary

3 March 1986



Registered Office

Hazlehead
Stocksbridge
Sheffield S30 5HG.

Frank, Brown & Walford,
Russell House,
Russell Street,
Stockton-on-Tees,
Cleveland. TS18 1NT.

AUDITORS' REPORT TO THE MEMBERS OF
THE NORTH BITCHURN FIRECLAY COMPANY LIMITED

We have audited the accounts on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the accounts which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of the company's affairs at 31 December 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Frank Brown Walford

FRANK, BROWN & WALFORD

Chartered Accountants

3 March 1986

18/11/86

THE NORTH BITCHBURN FIRECLAY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1985

	Notes	1985	1984
	-----	-----	-----
TURNOVER	2	-	621,800
OTHER OPERATING INCOME	3	268,357	14,775
		268,357	636,575
COSTS AND OVERHEADS	4	624	577,675
OPERATING PROFIT		267,733	58,900
TAXATION	6	7,635	(16,501)
PROFIT AFTER TAXATION		260,098	75,401
DIVIDENDS		(260,098)	(72,901)
PROFIT RETAINED		£ -	£ 2,500
		=====	=====

STATEMENT OF RETAINED PROFITS

Profit and loss account at 1 January	7,786	5,286
Profit retained	-	2,500
	-----	-----
Profit and loss account at 31 December	£7,786	£7,786
	=====	=====

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THE NORTH BITCHBURN FIRECLAY COMPANY LIMITED

BALANCE SHEET 31 DECEMBER 1985

	Notes	1985	1984
<u>ASSETS EMPLOYED</u>			
TANGIBLE FIXED ASSETS	7	41,746	53,153
CURRENT ASSETS			
Amounts owed by holding company	8	556,294	511,101
Amounts owed by other group companies		-	274,772
Prepayments and accrued income		438	-
Cash at bank and in hand		1,000	-
		<u>557,732</u>	<u>785,873</u>
CREDITORS			
(falling due within one year)	9	<u>273,853</u>	<u>513,401</u>
NET CURRENT ASSETS		<u>283,879</u>	<u>272,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£325,625</u>	<u>£325,625</u>
CAPITAL AND RESERVES			
Called up share capital	10	148,500	148,500
Reserves	11	177,125	177,125
		<u>£325,625</u>	<u>£325,625</u>

Approved by the board on 3 March 1986

P. HASKELL
A.E. MOUNSEY

Directors

P. Haskell
A.E. Mounsey

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THE NORTH BITCHBURN FIRECLAY COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1985

	1985	1984
	----	----
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	267,733	58,900
Depreciation	-	3,211
Profit on sale of tangible fixed assets	(249,982)	(1,634)
	17,751	60,477
Inter group transfer of fixed assets	-	26,913
Proceeds from sale of tangible fixed assets	264,811	1,761
TOTAL FUNDS GENERATED	£282,562	£ 89,151
	=====	=====
APPLICATION OF FUNDS		
Reduction in working capital (see below)	(5,317)	(149,430)
Additions to tangible fixed assets	3,422	18,514
Group relief paid	19,635	29,999
Dividends paid	72,901	91,430
FUNDS APPLIED IN TRADING OPERATIONS	90,641	(9,487)
Amounts repaid to fellow subsidiaries	145,728	174,576
Loan to/(repayment from) holding company	45,193	(75,938)
TOTAL FUNDS APPLIED	£281,562	£ 89,151
	=====	=====
INCREASE IN NET LIQUID FUNDS	£ 1,000	£ -
	=====	=====
REDUCTION IN WORKING CAPITAL COMPRISES:		
Stocks	-	(119,711)
Debtors	438	(97,029)
Creditors	(5,755)	67,310
	£(5,317)	£(149,430)
	=====	=====

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THE NORTH BITCHBURN FIRECLAY COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1985

1 ACCOUNTING POLICIES

Basis of presentation

The accounts have been prepared under the historical cost convention.

Depreciation

Freehold land and houses are not depreciated.

2 TURNOVER

	1985	1984
	-----	-----
United Kingdom	-	297,020
Exports	-	6,551
	-----	-----
	-	303,571
Group companies in the United Kingdom	-	318,229
	-----	-----
£	-	£621,800
	=====	=====

3 OTHER OPERATING INCOME

Rents Received (Net)	16,769	13,073
Bank and Building Society Interest	1,606	68
Profit on Sales of Property (Net)	249,982	1,634
	-----	-----
£268,357		£14,775
	=====	=====

4 COSTS AND OVERHEADS

Change in stocks of finished goods and work in progress	-	(19,045)
Other operating income	-	(14,822)
Raw materials and consumables	-	343,606
Other external and operating charges	624	119,418
Staff costs (note 5)	-	130,532
Depreciation	-	3,211
	-----	-----
£624		£552,900
	=====	=====

Other external and operating charges include:

	£	£
Auditors' remuneration	200	660
Hire of plant and equipment	-	3,209
	=====	=====

NORTH BITCHBURN FIRECLAY COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1985 (continued)

5 DIRECTORS AND EMPLOYEES

None of the directors received any emoluments in respect of their services to the company.

	1985	1984
Staff costs	----	----
Wages and salaries	-	115,239
Social security costs	-	11,776
Other pension costs	-	3,517
	-----	-----
£	-	£130,532
	=====	=====

The average number of persons employed by the company during the year was:

Production and distribution	-	18
Administration, accounting and computing	-	1
Sales and marketing	-	1
	-----	-----
	-	20
	=====	=====

6 TAXATION

Based on the profit for the year

Corporation tax at 41.25% (1984 - 46.25%)	8,000	20,000
Deferred tax	-	(35,000)
	-----	-----
	8,000	(15,500)
Adjustments in respect of prior years	(365)	(1,001)
	-----	-----
	£7,635	£(16,501)
	=====	=====

The tax charge arising on the profit on sales of property has been absorbed by the application of group rollover relief.

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THE NORTH BITCHURN FIRECLAY COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1985 (continued)

7 TANGIBLE FIXED ASSETS

Cost	Land and buildings
-----	-----
At 1 January 1985	53,153
Disposals	(24,754)
Group transfer	13,347
At 31 December 1985	£41,746
-----	-----
Depreciation	

Group Transfer	9,925
Disposal	(9,925)
At 31 December 1985	£ -
-----	-----
Net amounts	

At 31 December 1985	£41,746
	=====
At 31 December 1984	£53,153
	=====

Freehold land included above amounts to £41,746 (1984 £53,153).

8 LOAN TO HOLDING COMPANY

This loan is interest free and repayable on demand.

9 CREDITORS (falling due within one year)

	1985	1984
	-----	-----
Other creditors	2,333	-
Taxation and social security	8,000	20,000
Dividend	260,098	72,901
Amounts owed to other group companies	3,422	420,500
	-----	-----
	£273,853	£513,401
	=====	=====

THE NORTH BITCHBURN FIRECLAY COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1985 (continued)

10 CALLED UP SHARE CAPITAL

	1985	1984
	----	----
Ordinary shares of 50p each		
Authorised	£200,000	£200,000
	=====	=====
Allotted and fully paid	£148,500	£148,500
	=====	=====

11 RESERVES

	1985	1984
	----	----
Capital reserve	169,339	169,339
Retained Profits	7,786	7,786
	=====	=====
	£177,125	£177,125
	=====	=====

12 DEBENTURE CHARGE

The undertaking, property and assets of the company are together with those of other Charging Subsidiaries of the Hepworth Ceramic Holdings Group subject to a floating charge as part of the security for the following debenture stock issued by Hepworth Ceramic Holdings PLC:

£3,572,970 (1984 £3,592,907) 7.75% Debenture stock 1988/93
£5,969,037 (1984 £5,969,037) 10.40% Debenture stock 1992/97

13 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hepworth Ceramic Holdings PLC, a company incorporated in Great Britain.