

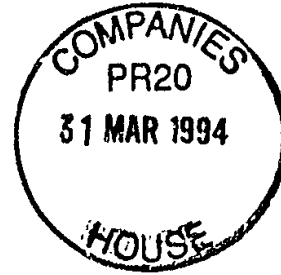
7-0808 REGISTRAR

London Brick Company
Limited

Report and Accounts

30 September 1993

ERNST & YOUNG



London Brick Company Limited

Registered No. 735868

DIRECTORS

A R Cotton (Chairman)
R C Manning
L T Scales
D T Walters
R I Menzies-Gow

SECRETARY

B R Simister

AUDITORS

Ernst & Young
Lowgate House
Lowgate
Hull HU1 1JJ

REGISTERED OFFICE

Stewartby
Bedford MK43 9LZ

 ERNST & YOUNG

London Brick Company Limited

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 30 September 1993.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is engaged in the manufacture and sale of fletton bricks.

During the year the company continued to produce high quality fletton bricks. The directors have noted the trading results but are satisfied with them in the current market conditions.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £4,323,000 and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The company will continue to introduce new types of fletton bricks with the emphasis on quality of product.

FIXED ASSETS

Details of changes in fixed assets are shown in note 8. The amount included for clay reserves is on the basis of the directors estimation of recoverable amounts. The directors also believe that, given the nature of the clay and its use by the Fletton process, it would not be appropriate to try to give a market value to this.

RESEARCH AND DEVELOPMENT

The company is continuing its research into new production techniques and methods.

DIRECTORS

The directors of the company at 30 September 1993 were those listed on Page 1. Mr P J Turner and Mr G Dransfield were appointed directors on 4 March 1993 and subsequently resigned on 23 June 1993. Mr R I Menzies-Gow was appointed a director on 1 May 1993. Mr A G L Alexander resigned on 4 March 1993. Mr D J Snowden and Mr J C Meins both resigned on 1 May 1993. In accordance with the articles of association Mr L T Scales and Mr D T Walters retire by rotation and, being eligible, each offers himself for re-election. Mr R I Menzies-Gow, having been appointed to the board during the year, also offers himself for re-election.

DIRECTORS' INTERESTS

According to the register maintained under the Companies Act 1985 none of the directors had any interest in the share capital of the company.

Mr A R Cotton is a director of the ultimate holding company, Hanson PLC, in whose accounts his interest in that company's shares are shown. The interests of the remaining directors in the shares of the ultimate holding company are as follows:-

	30 September 1993 Ordinary shares	29 September 1992 Ordinary shares	Options granted during the year	Options exercised during the year
D T Walters	11,200	609	11,000	32,000
L T Scales	-	-	12,000	-
R C Manning	6,699	338	31,000	14,000

There were no interests notifiable under Section 324 of the Companies Act 1985.

London Brick Company Limited

DIRECTORS' REPORT

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 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.

EMPLOYEE REPORTING AND INVOLVEMENT

The company has a policy of full communication with its employees. In addition, the company is involved with the trade unions in Joint National Councils, Safety Committees and Works Councils which meet several times during the year. More frequent discussions with employee representatives take place in relation to day-to-day operating matters.

DISABLED PERSONS

It is the company's policy to employ disabled persons provided that it is practicable to do so, and also to make suitable arrangements to provide training and continuing employment for those who become disabled. The company offers career development and promotion to disabled employees consistent with their capabilities.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board

B R Simister
Secretary

25 March 1994

REPORT OF THE AUDITORS
to the members of London Brick Company Limited

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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.

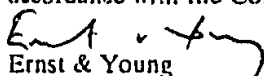
Basis of opinion

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 the company's affairs as at 30 September 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985


Ernst & Young
Chartered Accountants
Registered Auditor
Hull

25 March 1994

London Brick Company Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1993

	Notes	1993 £000	1992 £000
TURNOVER	2	62,819	67,737
OPERATING COSTS	3	58,173	97,110
OPERATING PROFIT/(LOSS)	4	4,646	(29,373)
Taxation (charge)/credit	7	(323)	266
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		4,323	(29,107)

Movements on reserves are set out in notes 14 and 15.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the financial year of £4,323,000 in the year ended 30 September 1993 (loss of £29,107,000 in the year ended 30 September 1992).

NOTE ON HISTORICAL COST PROFITS AND LOSSES

	1993 £000	1992 £000
Reported operating profit/(loss)	4,646	(29,373)
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	1,055	1,515
Historical cost operating profit/(loss)	5,701	(27,858)

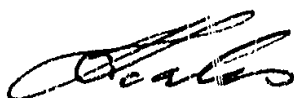
London Brick Company Limited

BALANCE SHEET

at 30 September 1993

	Notes	1993 £000	1992 £000
FIXED ASSETS			
Tangible assets	8	349,033	355,235
CURRENT ASSETS			
Stocks	9	17,800	25,019
Debtors	10	11,155	9,746
Cash at bank and in hand		2,815	27,470
		<u>31,770</u>	<u>62,235</u>
CREDITORS: amounts falling due within one year			
Trade and other creditors	11	65,588	104,341
NET CURRENT LIABILITIES		<u>(33,818)</u>	<u>(42,106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>315,215</u>	<u>313,129</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	13,323	15,560
TOTAL ASSETS LESS LIABILITIES		<u><u>301,892</u></u>	<u><u>297,569</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	57,004	57,004
Revaluation reserve	14	325,733	326,788
Profit and loss account - adverse balance	15	(80,845)	(86,223)
		<u><u>301,892</u></u>	<u><u>297,569</u></u>

ERNST & YOUNG



L T Scales - Director

25 March 1994

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Stocks

Stocks are valued at the lower of average cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads has regard to budgeted normal production.

Depreciation

No depreciation is provided on freehold land except where mineral reserves are being depleted, when amortisation is provided on the basis of tonnage extracted. Depreciation of other fixed assets is provided by equal annual instalments to reduce their valuation or cost to residual value over their estimated useful lives using the unit of production method as follows:

Freehold buildings	-	50 - 100 years
Plant and machinery	-	5 - 66 years
Fixtures and fittings	-	4 - 20 years

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Pensions

The company's employees are eligible for membership of a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of the 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, which arises wholly in the United Kingdom, comprises the invoice value of goods and services supplied by the company exclusive of VAT. Turnover arises from the principal continuing activity of the company.

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

3. OPERATING COSTS

	1993 £000	1992 £000
Decrease/(increase) in stocks of finished goods and work in progress	7,169	(3,307)
Raw materials and consumables	6,089	9,026
Other external charges	16,953	14,498
Staff costs - wages and salaries	22,750	30,857
- social security costs	2,055	2,542
- other pension costs	22	50
Depreciation	3,135	4,420
Other operating charges	-	39,024
	<u>58,173</u>	<u>97,110</u>

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	1993 £000	1992 £000
Auditors' remuneration	53	60
Hire of plant and machinery	352	480
	<u>405</u>	<u>540</u>

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

5. EMOLUMENTS OF DIRECTORS

	1993 £000	1992 £000
Remuneration, including pension contributions	<u>593</u>	<u>554</u>

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	1993 £000	1992 £000
Chairman	Nil	Nil
Highest paid director	<u>162</u>	<u>181</u>

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

5. EMOLUMENTS OF DIRECTORS (continued)

Directors in scale

	1993	1992
	<i>Number of director</i>	
Not more than £5,000	4	2
£5,001 to £60,000	1	
£70,001 to £75,000		1
£75,001 to £80,000	3	2
£85,001 to £90,000		1
£95,001 to £100,000	1	
£160,001 to £165,000	1	
£180,001 to £185,000		1

6. STAFF NUMBERS

The average number of persons employed by the company during the year, including directors, was as follows

	1993	1992
	<i>No</i>	<i>No</i>
Management and administration	6	9
Selling and distribution	239	297
Production	945	1,417
Engineering and research	46	64
	1,236	1,787

7. TAXATION

The (charge)/credit based on the profit/(loss) for the year comprises

	1993	1992
	<i>£000</i>	<i>£000</i>
UK corporation tax		
Credit for the year	-	265
Deferred	(323)	1
	(323)	266

There is no liability to UK corporation tax. Profits arising in the year will be covered by unused trading losses brought forward from prior years and by the surrender of group relief from other group companies free of consideration

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Furniture and fixtures £000</i>	<i>Total £000</i>
Cost or valuation				
At 30 September 1992	345,076	47,641	2,588	395,305
Additions		60	188	248
Reclassification				
Disposals	(1,131)	(5,807)	(338)	(7,286)
At 30 September 1993	343,945	41,894	2,428	388,267
Analysis				
Valuation in 1967	3,413	806		4,219
Valuation in 1971	241	250		491
Valuation in 1988	335,000			335,000
Cost	5,291	40,838	2,428	48,557
	343,945	41,894	2,428	388,267
Depreciation				
At 30 September 1992	11,911	26,155	2,004	40,070
Charge for the year	1,155	1,771	209	3,135
Relating to disposals	(410)	(3,286)	(275)	(3,971)
At 30 September 1993	12,656	24,640	1,938	39,234
Net book amounts				
At 30 September 1993	331,289	17,254	490	349,033
At 30 September 1992	333,165	21,486	584	355,235

The total amounts for clay reserves and land and buildings, some of which are incorporated above on the basis of open market for existing use, having regard to maintainable earnings, are determined on a historical cost basis as follows:

	<i>Freehold land and buildings £000</i>
Cost	8,945
Accumulated depreciation	2,747
Net book amount	
At 30 September 1993	6,198

The net book amount of land included in freehold land and buildings at 30 September 1993 was £332,422,000 (1992 - £335,280,000).

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

9. STOCKS

	1993	1992
	£000	£000
Raw materials and consumables	1,372	1,422
Work in progress	730	1,344
Finished goods	15,698	22,253
	17,800	25,019

In the opinion of the directors, there is no material difference between the replacement cost of stocks and the amount shown in the balance sheet

10. DEBTORS

	1993	1992
	£000	£000
Trade debtors	10,402	8,689
Amounts owed by fellow subsidiary undertakings	381	452
Other debtors	57	51
Prepayments and accrued income	315	554
	11,155	9,746

11. TRADE AND OTHER CREDITORS

	1993	1992
	£000	£000
Trade creditors	1,901	2,664
Amounts owed to ultimate parent undertaking	17,436	55,029
Amounts owed to fellow subsidiary undertakings	27,437	30,229
Other creditors	13,278	10,140
Other taxation and social security	1,580	1,665
Accruals and deferred income	3,956	4,623
	65,588	104,341

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1993 £000	1992 £000
Land reclamation and restoration costs		
At 30 September 1992	13,284	13,836
Charge to profit and loss account	81	72
Expenditure during the year	(385)	(624)
Other movements	(2,256)	-
At 30 September 1993	10,724	13,284
Deferred taxation		
At 30 September 1992	2,276	2,277
Charge (credit) for the year	323	(1)
At 30 September 1993	2,599	2,276
Total provisions	13,323	15,560

The major components for the provision for deferred taxation and the amounts not provided are as follows

	Provided 1993 £000	Provided 1992 £000	Not provided 1993 £000	Not provided 1992 £000
Accelerated capital allowances	2,376	2,376	1,533	3,238
Short term and other timing differences	223	(100)	(1,756)	(3,239)
Revaluations	-	-	107,492	107,840
	2,599	2,276	107,269	107,839

13. CALLED UP SHARE CAPITAL

	Authorised 1993 and 1992 £000	Allotted and fully paid 1993 and 1992 £000
Ordinary shares of £1 each	60,000	57,004

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

ERNST & YOUNG

14. REVALUATION RESERVE

	1993	1992
	£000	£000
At 30 September 1992		326,788
Amount included in depreciation charge for year transferred to retained profits	(1,055)	
At 30 September 1993	325,733	

15. PROFIT AND LOSS ACCOUNT

	1993	1992
	£000	£000
At 30 September 1992 - adverse balance		(86,223)
Profit for the year	4,323	
Transfer from revaluation reserve	1,055	
At 30 September 1993 - adverse balance		(80,845)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1993	1992
	£000	£000
Profit/(loss) attributable to members of the company	4,323	(29,107)
Net increase/(decrease) in shareholders' funds	4,323	(29,107)
Opening shareholders' funds	297,569	326,676
Closing shareholders' funds	301,892	297,569

17. FINANCIAL COMMITMENTS

Authorised future capital expenditure amounted to:

	1993	1992
	£000	£000
Contracted	54	197
Authorised but not contracted	598	605
	652	802

London Brick Company Limited

NOTES TO THE ACCOUNTS

at 30 September 1993

18. CONTINGENT LIABILITIES AND GUARANTEES

The company, together with other group companies, is party to an arrangement whereby the bank balances of the companies concerned may be set-off against borrowings by those companies and by Hanson PLC.

19. PENSION COMMITMENTS

The majority of the company's employees as at 30 September 1993 were eligible to be members of the Hanson Amalgamated Pension Scheme. The scheme is of the defined benefit type and funds are held externally under the supervision of a corporate trustee.

The employer's share of funding 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 benefitting from the employees' services.

The pension cost is assessed in accordance with the advice of qualified actuaries using in general the projected unit method. The Hanson Amalgamated Pension Scheme was formed on 1 October 1987 by merging various predecessor schemes. The latest valuation was at 1 October 1992. For accounting purposes it has been assumed that future investment returns would be at a rate of 9% per annum and the dividends would increase at 4% per annum. It has been assumed that the basic level of pay increases would average 7% per annum and pension increases would equal those specified in the rules of the scheme.

The total pension cost for the company for the year ended 30 September 1993 was £nil, after taking account of the amortisation of the estimated surplus which is being recognised over 16 years, the average remaining service lives of scheme members.

At 1 October 1992 the market values of the assets were in excess of £120 million. The valuation showed that the actuarial value of the assets of the scheme at 1 October 1992 are 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 undertaking 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 ultimate parent company. Copies of Hanson PLC's accounts can be obtained from 1 Grosvenor Place, London, SW1X 7JH.