

HIGGS & HILL NO 2 PENSION TRUST LIMITED
(Registered Number 2283378)



DIRECTORS' REPORT

The directors submit their annual report together with the audited accounts for the year ended 5 April 1994.

ACTIVITY

The company acts as corporate trustee of the Higgs & Hill No 2 Pension Scheme.

RESULTS AND DIVIDENDS

The company did not trade during the year.

The directors do not recommend the payment of a dividend (1993 - Nil).

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors who served the company during the year and subsequently are as follows:

CRH Archer	(resigned 1 February 1995)
NJ Beale	(resigned 1 February 1995)
PC Carruthers	(resigned 1 February 1995)
DL Cleaver	(appointed 1 February 1995)
A Derby	(resigned 15 March 1995)
ADD Hill	(resigned 1 February 1995)
Sir Brian Hill	
AD Johnston	
JD Morgan	(resigned 1 February 1995)
AR Ponsford	(resigned 1 February 1995)
AW Riddle	(resigned 1 February 1995)

At 5 April 1994 no directors or members of their families, as defined by the Companies Act 1985, held any beneficial interests in shares or debentures of any member of the group other than the holding company, Higgs and Hill PLC. Subject to note (c) below, all holdings and options related to Ordinary shares in Higgs and Hill PLC.

	As at 5 April 1993 (b)		As at 5 April 1994(b)	
	Ordinary	Options (a)	Ordinary	Options (a)
CRH Archer (d)	1,285	76,710	1,285	226,710
NJ Beale (e)	4,268	15,234	4,268	22,734
PC Carruthers	Nil	Nil	Nil	Nil
DL Cleaver	Nil	8,046	Nil	8,046
A Derby (f)	2,500	6,207	7,500	13,750
ADD Hill (c) (g)	172,348	126,875	172,348	226,875
Sir Brian Hill (c) (h)	85,968	Nil	76,968	Nil
AD Johnston (i)	Nil	1,031	Nil	Nil
JD Morgan (j)	Nil	488	Nil	1,112
AR Ponsford (k)	5,000	8,533	Nil	11,638
AW Riddle	Nil	2,645	Nil	2,645

HIGGS & HILL NO 2 PENSION TRUST LIMITED (CONTINUED)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND DIRECTORS' SHAREHOLDINGS (CONTINUED)

- (a) Options on shares held under the Savings - Related Share Option Scheme adopted by Higgs and Hill PLC on 13 June 1983, under the Higgs and Hill PLC 1993 Savings-Related Share Option Scheme adopted by Higgs and Hill PLC on 11 June 1993, under the Higgs and Hill Executive Share Option scheme adopted by Higgs and Hill PLC on 14 June 1985, and under the Higgs and Hill PLC Executive Share Option Scheme No 2 adopted by Higgs and Hill PLC on 5 April 1993 at prices between 58p and 338.29p per share, exercisable by 2004. Increases in options attributable to grants under the 1993 Savings-Related Share Option Scheme were at a price of 62.4p per Ordinary Share, increases in options attributable to grants under the Executive Share Option Scheme were at a price of 110p per Ordinary Share and increases in options attributable to grants under the Executive Share Option Scheme No 2 were at a price of 58p per Ordinary Share.

Subject to note (c) below, all holdings and options related to Ordinary shares in Higgs and Hill PLC.

- (b) Or at date of appointment if later.
- (c) In addition, Sir Brian Hill and ADD Hill held respectively 60 and 533 Preference Shares of £1 at 6 April 1993 and 5 April 1994.
- (d) CRH Archer was granted an option to subscribe for 150,000 Ordinary Shares under the Executive Share Option Scheme No 2 on 3 May 1993.
- (e) NJ Beale was granted an option to subscribe for 7,500 Ordinary shares under the Executive Share Option Scheme No 2 on 3 May 1993.
- (f) Mr A Derby purchased 5,000 Ordinary Shares on 7 April 1993, was granted an option to subscribe for 5,000 Ordinary Shares under the Executive Share Option Scheme No 2 on 3 May 1993, and was granted an option to subscribe for 2,543 Ordinary Shares under the Savings-Related Share option scheme on 20 May 1993.
- (g) ADD Hill was granted an option to subscribe for 100,000 Ordinary Shares under the Executive Share Option Scheme No 2 on 3 May 1993.
- (h) Sir Brian Hill disposed of 9,000 Ordinary Shares during the period.
- (i) AD Johnston exercised 1,031 options held at 6 April 1993 during the year.
- (j) JD Morgan was granted an option to subscribe for 1,112 Ordinary Shares under the Savings-Related Share Option Scheme on 7 August 1993. An option for 488 Ordinary Shares under that scheme lapsed on 28 February 1994.
- (k) AR Ponsford was granted an option to subscribe for 1,105 Ordinary Shares under the 1993 Savings-Related Share Option Scheme on 20 May 1993 and was granted an option to subscribe for 2,000 Ordinary Shares under the Executive Share Option Scheme on 3 May 1993.

HIGGS & HILL NO 2 PENSION TRUST LIMITED (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

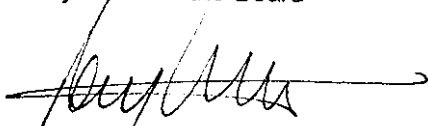
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 financial statements 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.

AUDITORS

Pursuant to s386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

By Order of the Board



A Taylor

Secretary

3 April 1995

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
HIGGS & HILL NO 2 PENSION TRUST LIMITED**

We have audited the financial statements on pages 5 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 5 April 1994 and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

3 April 1995

HIGGS & HILL NO 2 PENSION TRUST LIMITED

BALANCE SHEET AS AT 5 APRIL 1994

	<u>1994</u> £	<u>1993</u> £
CURRENT ASSETS		
Debtors (Note 2)	<u>100</u>	<u>100</u>
Represented by:		
CAPITAL AND RESERVES		
Called up share capital (Note 3)	<u>100</u>	<u>100</u>

APPROVED BY THE BOARD OF DIRECTORS AT A MEETING ON
3 April 1995

D. Cleaver

~~N. J. Beale~~

D. L. CLEAVER

Director

HIGGS & HILL NO 2 PENSION TRUST LIMITED

NOTES TO THE ACCOUNTS - 5 APRIL 1994

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared in accordance with applicable UK accounting standards using the historical cost basis of accounting.

Turnover

The company did not trade during the year.

2 DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Amounts due from holding company	<u>100</u>	<u>100</u>

3 CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

4 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Higgs and Hill PLC a company incorporated in England. The address from where copies of the group financial statements can be obtained is Higgs and Hill PLC, Crown House, Kingston Road, New Malden, Surrey KT3 3ST.