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CHARTERED ACCOUNTANTS

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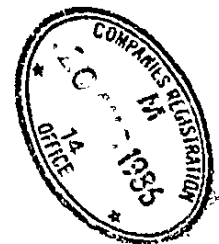
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LONDON BRICK LANDFILL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE PERIOD FROM 29 SEPTEMBER 1985 TO 25 JANUARY 1986



LONDON BRICK LANDFILL LIMITED

REPORT OF THE DIRECTORS

for the period 29 September 1985 to 25 January 1986

The Directors' present their report and the accounts for the period from 29 September 1985 to 25 January 1986.

PRINCIPAL ACTIVITIES

The Company and its subsidiary companies operate waste collection and disposal services for industry and local authorities.

RESULTS AND DIVIDENDS

Details of the results of the period are set out in the profit and loss account on page 4. An interim dividend of £5,208,000 was paid on 26th. March, 1986. The directors do not recommend the payment of a final dividend.

REVIEW OF BUSINESS

The main business of the Company is providing the service of waste disposal to Local Authorities and of waste collection and disposal for commercial and industrial customers.

The major customer is the Greater London Council which is being abolished under the Local Government Act 1985. Its contracts are being taken over by the North London Waste Authority.

RESEARCH AND DEVELOPMENT

The company continued with the development of Landfill Gas and considered further the commercial applications of this important new source of energy.

TANGIBLE FIXED ASSETS

The details of fixed assets are summarised in note 6 on page 10.

DIRECTORS

The Directors of the Company throughout the period under review were:

A. G. L. Alexander	(Chairman)
A. C. Cheyney	(Managing Director)
P. R. Spencer	
J. A. Smith	
G. E. Cooper	

LONDON BRICK LANDFILL LIMITED

REPORT OF THE DIRECTORS

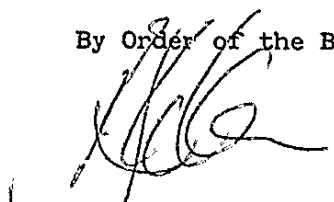
FOR THE PERIOD FROM 29 SEPTEMBER 1985 TO 25 JANUARY 1986

DIRECTORS' INTERESTS

Mr. A. G. L. Alexander is a director of the ultimate holding company, Hanson Trust PLC, in whose accounts his interests in that company are shown. No director had any interest in the shares of the company nor any of its fellow subsidiaries. Interests of the other directors in the ordinary share capital of the holding company, Hanson Trust PLC were:

	<u>OPTIONS to acquire</u>	
	<u>25 January 1986</u>	<u>28 September 1985</u>
A. C. Cheyney	27,690	27,690
P. R. Spencer	19,998	19,998
J. A. Smith	19,998	19,998
G. E. Cooper	19,998	19,998

By Order of the Board


E. J. Glare-Williams
Secretary

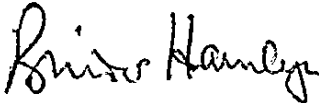
69 - 71 Bromham Road
Bedford
Mk40 2BL

10th April, 1986.

REPORT OF THE AUDITORS TO THE MEMBERS OF
LONDON BRICK LANDFILL LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion, the financial statements which have been prepared on the basis of the accounting policies set out on pages 7 and 8 give a true and fair view of the state of the company's affairs at 25 January 1986 and of its profit and source and application of funds for the period 29 September 1985 to 25 January 1986, and comply with the Companies Act 1985.


Chartered Accountants

8 St. Bride Street
London
EC4A 4DA.

10th April, 1986.

LONDON BRICK LANDFILL LIMITED

PROFIT AND LOSS ACCOUNT

for the period 29 September 1985 to 25 January 1986

	Notes	Four months ended		Year ended	
		25 January 1986		28 September 1985	
		£	£	£	£
TURNOVER	1		3,734,356		10,691,852
Staff Costs	2	835,675		1,888,915	
Depreciation	6	333,507		1,046,905	
Other Operating Charges	3	<u>1,232,213</u>	(2,401,395)	<u>4,122,087</u>	(7,057,907)
Exceptional Item	4		(400,000)		636,484
OPERATING PROFIT			932,961		4,270,429
Dividend received from Subsidiary			65,000		-
			<u>997,961</u>		<u>4,270,429</u>
Interest payable to holding company			-		(880,450)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			997,961		3,389,979
Tax Relief/(Charge) on Profit on Ordinary Activities	5		235,578		(249,369)
PROFIT AFTER TAXATION			1,233,539		3,140,610
Dividend proposed			(5,208,000)		-
AMOUNT TRANSFERRED (FROM)/TO RESERVES	13		(3,974,461)		3,140,610

The notes on pages 7 to 14 form part of these accounts.

LONDON BRICK LANDFILL LIMITED

BALANCE SHEET
AT 25 JANUARY, 1986.

	<u>Notes</u>	<u>1986</u>		<u>1985</u>	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	6	5,152,024		9,156,340	
Investment	7	<u>13,718</u>		<u>13,618</u>	
			5,165,742		9,169,958
CURRENT ASSETS					
Debtors	8	7,076,729		3,266,156	
Cash at bank and in hand		<u>2,015,072</u>		<u>1,114,989</u>	
		9,091,801		4,381,145	
CREDITS: Amounts falling due within one year	9	<u>8,309,507</u>		<u>3,773,599</u>	
NET CURRENT ASSETS/ (LIABILITIES)			<u>782,294</u>		<u>607,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,948,036		9,777,504
PROVISIONS FOR LIABILITIES AND CHARGES	10		<u>1,832,498</u>		<u>1,687,505</u>
			<u>4,115,538</u>		<u>8,089,999</u>
CAPITAL AND RESERVES					
Called Up Share Capital	11		100		100
Revaluation reserve	12		-		3,885,649
Profit and Loss Account	13		<u>4,115,438</u>		<u>4,204,250</u>
			<u>4,115,538</u>		<u>8,089,999</u>



A. C. Cheyney)
J. A. Smith)
Directors

Approved by the Board 10th April 1986

The notes on pages 7 to 14 form part of these accounts.

LONDON BRICK LANDFILL LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the period 29 September 1985 to 25 January 1986

	Four Months Ended 25 January 1986		Year Ended 28 September 1985	
	£	£	£	£
SOURCE OF FUNDS				
FUNDS GENERATED FROM OPERATIONS				
Profit from ordinary activities before taxation		997,961		3,389,979
Adjustment for items not involving the movement of working capital				
Loss/(Profit) on disposal of fixed assets		1,274		(16,086)
Depreciation		333,507		1,046,905
Provision for contract dispute		400,000		-
Provision for restoration		41,133		17,843
		1,773,875		4,438,641
Sales of fixed assets		3,844,052		132,359
		5,617,927		4,571,000
APPLICATION OF FUNDS				
Expenditure against reclamation provision	61,565		11,940	
Purchase of shares in subsidiary	100		-	
Repayment of loans to group companies	-		-	
Dividends paid	-		399,397	
Tax paid	-		-	
Purchase of fixed assets	174,517	236,182	1,687,401	2,098,738
INCREASE/(DECREASE) IN WORKING CAPITAL		5,381,745		2,472,262
COMPOSITION OF INCREASE/DECREASE IN WORKING CAPITAL				
Debtors	3,810,573		828,038	
Creditors	671,089	4,481,662	1,001,289	1,829,327
MOVEMENT IN NET LIQUID FUNDS				
Cash at bank and in hand		900,083		642,935
		5,381,745		2,472,262

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS

for the period 29 September 1985 to 25 January 1986

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention.

Turnover

is the amount invoiced, exclusive of VAT, for goods and services to customers after deduction of trade discounts.

Deferred Taxation

represents corporation tax calculated on the liability basis deferred by accelerated capital allowances and other timing differences, where it is thought reasonably probable that an actual tax liability will arise in the foreseeable future. No provision is made for taxation on surpluses on revaluation of assets in respect of any chargeable gains unless sales are likely in the foreseeable future.

Tangible Fixed Assets

are included at cost, with the exception of those acquired from group companies which are shown at their original cost to the group or subsequent valuation, together with attributable depreciation. Grants received are deducted from the cost of the relevant assets.

Depreciation

is provided to write down all tangible fixed assets to disposable values over their estimated useful lives. Where tangible fixed assets are permanently taken out of use the residual balances are written off. The following table sets out for each major class of depreciable asset the depreciation rates applied on a straight line or reducing balance as appropriate:

Land and Buildings:

Leasehold Buildings : Amortised over the unexpired period of the lease
Leasehold Land : Amortised on the basis of tonnage of material deposited in the year.

Plant and Machinery

Fixed : 5% - 33% per annum on cost
Mobile : 14% - 50% per annum on cost

Fixtures, Fittings, Tools and Equipment:

10% - 33% per annum on cost.

Research and Development

expenditure is written off in the period in which it is incurred.

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS

for the period 29 September 1985 to 25 January 1986

Leasing

The rentals payable on all leases are charged to the Profit and Loss Account as incurred. Assets and the obligation to pay future rentals under finance leases are not shown on the balance sheet as they are not material.

Reclamation Provision

The provision relates to the current cost of capping the pit areas in landfill reclamation, which usually involves the laying of clay over the completed area of landfill to a depth of one metre. The estimated current cost of capping based on the tonnage of landfill materials deposited in the period is charged against profits and credited to the provision which is reviewed annually for adequacy. Actual costs are charged against the provision when incurred.

Pension Contributions

The group contributes to a pension scheme for the benefit of all of its employees, operated by a fellow subsidiary, London Brick Company Ltd. The funds of the scheme are administered by Trustees, are separate from the group, and independent actuaries complete valuations every 3 years. In accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules and the augmentation of current pension from time to time. The cost of these is charged against profits when the contributions are made. When the contributions are not sufficient the capital cost of such augmentation is charged against the profits of the group for the year in which the increases are granted.

2. STAFF COSTS

	4 Months Ended 25 January 1986	Year Ended 28 September 1985
	£	£
Wages & salaries	728,872	1,604,040
Employers social security costs	59,610	140,803
Employers pension contributions	47,193	144,072
	<u>835,675</u>	<u>1,888,915</u>
Emoluments included above relating to directors amounted to	<u>31,321</u>	<u>115,782</u>
Emoluments of the Chairman	Nil	Nil
Emoluments of the Highest Paid Director	<u>8,718</u>	<u>30,862</u>
	Number	Number

Other Directors' Remuneration was within the following annual bands:

Up to £5,000	-	-
£15,001 to £20,000	2	1
£20,001 to £25,000	1	2

The average weekly number of employees for the period was

153	144
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LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS
for the period 29 September 1985 to 25 January, 1986

	<u>4 Months Ended</u> <u>25 January 1986</u>	<u>Year Ended</u> <u>28 September 1985</u>
	£	£
3. OTHER OPERATING CHARGES		
includes:		
Auditors' remuneration	10,000	17,500
Hire of Plant and Machinery	162,179	408,246
Lease Rentals	68,708	124,394
4. EXCEPTIONAL ITEM (Note 10/14)		
Contract Dispute Provision	(400,000)	-
Provision written back	-	636,484
5. TAX(CHARGE)/RELIEF ON ORDINARY ACTIVITIES		
U.K. Corporation Tax @ 40% (1985 42.5%)	(600,000)	(1,286,510)
Group Relief	600,000	1,286,510
Prior year. adjustment	603	-
Deferred Taxation (note 11)	234,975	(249,369)
	<u>235,578</u>	<u>(249,369)</u>

In both periods the chargeable profit has been group relieved free of consideration in accordance with group policy.

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS
for the period 29 September 1985 to 25 January 1986

6. TANGIBLE FIXED ASSETS

	Land and Buildings Leasehold	Plant and Machinery	Fixtures Fittings Tools and Equipment	Total
COST				
At 29 September 1985	5,997,438	7,680,604	257,583	13,935,625
Reclassification	(26,688)	26,688	-	-
Additions during year	-	152,939	21,578	174,517
Intra group transfers	(4,250,000)	-	-	(4,250,000)
Disposals during the period	-	(97,154)	(10,402)	(107,556)
At 25 January 1986	<u>1,720,750</u>	<u>7,763,077</u>	<u>268,759</u>	<u>9,752,586</u>
DEPRECIATION				
AT 29 September 1985	951,070	3,777,642	50,573	4,779,285
Charge for period	106,525	212,286	14,696	333,507
Intra group transfers	(436,447)	-	-	(436,447)
Written back redisposals	-	(72,281)	(3,502)	(75,783)
At 25 January 1986	<u>621,148</u>	<u>3,917,647</u>	<u>61,767</u>	<u>4,600,562</u>
NET BOOK AMOUNT				
At 25 January 1986	<u>1,099,602</u>	<u>3,845,430</u>	<u>206,992</u>	<u>5,152,024</u>
At 28 September 1985	<u>5,046,368</u>	<u>3,902,962</u>	<u>207,010</u>	<u>9,156,340</u>

Leaseholds have less than 50 years to run.

The historical costs of assets at valuation in 1983 and disposed during the period = Nil.

The charge for depreciation would have been £261,441 (1985 £843,513) on the basis of historical cost.

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS

for the period 29 September 1985 to 25 January 1986

	<u>1986</u> £
7. FIXED ASSET INVESTMENTS	
Investments in subsidiary companies	
Shares at cost at 28 September, 1985.	13,618
Additions in period - London Brick Landfill Gas	100
	<hr/>
Shares at cost 25 January 1986.	<u>13,718</u>
The principal operating subsidiaries are:	
Clear Waste Limited	
Easidispose Limited	

All subsidiary companies are wholly owned,
operating and incorporated in England.

Consolidated accounts are not presented as the
Company is itself a wholly owned subsidiary of
a Company incorporated in England.

8. DEBTORS	25th January <u>1986</u>	28th September <u>1985</u>
Trade Debtors	2,036,311	2,084,325
Amounts owed by group companies		
Parent company	819,754	819,754
Fellow Subsidiaries	3,874,535	100
Subsidiary companies	274,613	314,342
Prepayments	70,789	46,925
Other	727	710
	<hr/>	<hr/>
	<u>7,076,729</u>	<u>3,266,156</u>

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS
for the period 29 September 1985 to 25 January 1986

	1986 £	1985 £
9. CREDITORS: Amounts falling due within one year		
Trade creditors	742,056	1,528,188
Amounts owed to group companies:		
Fellow subsidiaries	1,655,748	1,694,366
Own subsidiaries	200	100
Other creditors	2,482	3,049
Taxation and Social Security Corporation tax payable	401,694	116,202
Accruals and deferred income	-	603
Reclamation provision	201,727	333,091
Proposed dividend	97,600	98,000
	5,208,000	-
	<hr/> 8,309,507	<hr/> 3,773,599

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Contract Dispute</u> £	<u>Deferred Taxation</u> £	<u>Reclamation Provision</u> £	<u>Total</u> £
At 29 September 1985	-	1,327,668	359,837	1,687,505
Transfer from Profit and Loss Account	400,000	(234,975)	41,133	206,158
Payments during the period	-	-	(61,165)	(61,165)
	<hr/> 400,000	<hr/> 1,092,693	<hr/> 339,805	<hr/> 1,832,498
The potential liability for taxation deferred by all timing differences:			<u>1986</u> £	<u>1985</u> £
Accelerated capital allowances			1,393,404	1,490,161
Other			(300,711)	(162,493)
			<hr/> 1,092,693	<hr/> 1,327,668

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS

for the period 29 September 1985 to 25 January 1986

	<u>1986</u> £	<u>1985</u> £
11. CALLED UP SHARE CAPITAL		
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each.	<u>100</u>	<u>100</u>
12 REVALUATION RESERVE		
At 29 September 1985	3,885,649	
Transfers to Profit and Loss Account:		
Depreciation charge for period	(72,096)	
Balance on disposal of revalued fixed asset	(3,813,553)	
	<hr/>	
At 25 January 1986	<u>Nil</u>	
13. PROFIT AND LOSS ACCOUNT		
AT 28 September 1985	4,204,250	
Transfer from revaluation reserve	3,885,649	
Amount transferred from reserves	(3,974,461)	
	<hr/>	
At 25 January 1986	<u>4,115,438</u>	

A transfer is made between Revaluation Reserve and Profit and Loss Account of an amount equal to the amortisation in the period attributable to the landfill sites.

LONDON BRICK LANDFILL LIMITED

NOTES TO THE ACCOUNTS
for the period 29 September 1985 to 25 January 1986

14. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

	<u>4 months ended</u> <u>25 January 1986</u>	<u>1985</u>
Financial Commitments:		
Contracts placed for capital expenditure and not provided for in these accounts.	<u>£50,583</u>	<u>£352,200</u>
Capital expenditure authorised by the Directors but not contracted for	<u>£130,512</u>	<u>£189,335</u>
Commitments under leases for plant and machinery in the ordinary course of business are as follows:		
within 1 year	201,107	201,107
2 - 5 years	407,040	474,076
Over 5 years	Nil	Nil
	<hr/>	<hr/>
	608,147	675,183

Contingent liabilities:

(i) Group bank guarantees:

The company and its subsidiaries have entered into a composite banking agreement granting the bank rights to set-off the companies' balances against the overdrafts of other companies within the Hanson Trust PLC group, up to a limit of £5,000,000

(ii) Contract dispute:

The company is in dispute with a major customer concerning the interpretation of a price review clause applicable with effect from 1 January 1984. If the customer's interpretation were to be upheld at arbitration, the maximum liability for the period of 25 months ended 25 January 1986 would be £1,856,000 (1985 : £1,566,000) plus interest and legal costs and Corporation Tax relief thereon would amount to approximately £808,000 (1985 : £692,000).

The directors have obtained Counsel opinion and are satisfied that the customer claim is unlikely to succeed. However, the possibility of an adverse decision by the arbitrator cannot be ruled out and accordingly it has been considered advisable to make a provision of £400,000..

15. ULTIMATE HOLDING COMPANY

The ultimate holding company of London Brick Landfill Limited is Hanson Trust PLC, incorporated in England.