



BKW 1985

• ANNUAL REPORT
1985

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BRICKWORKS LIMITED GROUP

LOCATIONS

BRICK YARDS:

N.S.W.

Brookvale, Federal Parade

Eastwood, Midson Road

QUEENSLAND

Rochedale, Gardner Road

N.S.W.

THE AUSTRAL BRICK CO. PTY. LIMITED

Horsley Park, Wallgrove Road

PIPE YARD:

N.S.W.

PUNCHBOWL PIPES PTY. LIMITED

Punchbowl, Belmore Road

DISPLAY CENTRES & SALES:

SYDNEY AREA

Brookvale, Federal Parade
Eastwood, Midson Road
Horsley Park, Wallgrove Road
Punchbowl, Belmore Road
St. Peters, Princes Highway
Sutherland, Princes Highway

NEWCASTLE AREA

Metford, Metford Road

QUEENSLAND

Rochedale, Gardner Road
Ipswich, Lowery Street

BRICKWORKS LIMITED

(Incorporated in New South Wales)

**REGISTERED
OFFICE:**

62 Belmore Road, Punchbowl, N.S.W.
Telephone: 534 4611
Telex: 74 262

DIRECTORS:

JAMES S. MILLNER A.M.: Ph.C; MPS. (Chairman)
Director since 1969; Chairman since 1981

GEOFFREY G. TRAVIS BEc. (Syd) FCA.
Director since 1978

HUGH DIXSON MA (Cantab.); BA (Syd).
Director since 1981

ALBERT W. BURGIS AASA; ACIS; AAIM; JP.
Joined the company 1959. Director since 1983

MAJOR GENERAL (R. L.) CEDRIC M.I. PEARSON AO; DSO; OBE; MC.
Director since 1983

**GROUP GENERAL
MANAGER:**

ALBERT W. BURGIS

SECRETARY:

FRANCIS ELSWORTHY FASA; CPA; JP.

SOLICITORS:

R. N. HENDERSON, TAYLOR & MITCHELL

AUDITORS:

TRAVIS & TRAVIS Chartered Accountants

BANKERS:

NATIONAL AUSTRALIA BANK LIMITED

**SUBSIDIARY
COMPANIES:**

(Incorporated in N.S.W.)

THE AUSTRAL BRICK CO. PTY. LIMITED
CARRINGTON BRICK CO. PTY. LIMITED
PUNCHBOWL PIPES PTY. LIMITED
ROCHEDALE TRANSPORT PTY. LIMITED
THE WARREN BRICK CO. LIMITED

(Incorporated in A.C.T.)

CANBERRA PIPES PTY. LIMITED

**STOCK
REGISTERS:
Sydney:**

62 Belmore Road, Punchbowl, N.S.W.
Telephone: 534 4611
Telex: 74262

Canberra:

C/- DELOITTE HASKINS & SELLS
5th Floor,
10 Rudd Street
Canberra City, 2601

BRICKWORKS LIMITED

NOTICE IS HEREBY given that the ANNUAL GENERAL MEETING of BRICKWORKS LIMITED will be held at the Rhodes Room, Gold Fields House, Sydney Cove, on FRIDAY, the 1st NOVEMBER, 1985, at 12 noon.

ORDINARY BUSINESS

1. To receive and consider the balance sheet and profit and loss account for the year ended 30th June, 1985, and the reports of the directors and auditors thereon.
2. To consider the declaration of dividend as recommended by the directors.
3. Election of directors:
Mr. J. S. Millner retires by rotation and being eligible offers himself for re-election.
4. To transact any other business which may be legally brought before the meeting.

BY ORDER OF THE BOARD,
F. ELSWORTHY,
Secretary.

SYDNEY, 23rd SEPTEMBER, 1985.

The transfer books and register of members of Brickworks Limited will be closed from 21st October, 1984, to 1st November, 1985, both days inclusive, for the purpose of preparing and paying dividends.

A member entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies; where more than one proxy is appointed each must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company.

BRICKWORKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30th JUNE, 1985

The Companies (New South Wales) Code requires companies to furnish information in their accounts and directors' report. The whole of this annual report should be treated as the directors' report.

The directors of Brickworks Limited herewith submit the balance sheet as at June 30 1985, and the profit and loss account for the group for the year ended on that date. The accounts of the company and group have been prepared in accordance with the provisions of schedule 7, of the Companies (New South Wales) Regulations and report as follows:—

The directors have chosen to round off amounts in this report and the accompanying accounts to the nearest one thousand dollars in accordance with Regulation 58(6) of the Companies (New South Wales) Regulations.

The directors in office at the date of this report are:—

JAMES S. MILLNER GEOFFREY G. TRAVIS ALBERT W. BURGIS
 HUGH DIXSON CEDRIC M. I. PEARSON

The consolidated net profit for the year ended June, 30, 1985 after income tax expense and before extraordinary items, was \$5,516,258 compared with \$6,318,981 for the previous year. In addition extraordinary profits of \$247,180 were earned and extraordinary losses incurred of \$1,994,661 making a consolidated net profit of \$3,768,777 (1984 \$5,868,776)

Subject to the consent of stockholders a dividend of 30 cents a share, recommended by the directors, will be paid to stockholders registered at 5.00 p.m. on November 1, 1985 making a total of 52 cents a share (26%) for the year (1984 52 cents per share (26%))

The principal activities of the corporations in the group are brick and pipe manufacturing and investment.

No subsidiaries were acquired or disposed of during the year.

During the year the following material transfers to and from provisions and reserves have been made in the accounts of Brickworks and its subsidiaries.

	Amount \$000's
To Depreciation Reserve totalling	4,098
To Income Tax Provision totalling	2,255
To Long Service Leave Provision totalling	187
To Capital Profits Reserve totalling	247
To Doubtful Debts Provision totalling	99
From Capital Profits Reserve totalling	1,421
From Doubtful Debts Provision totalling	203

Your directors report that the building trade generally has been operating under capacity particularly in Queensland and New South Wales causing an oversupply of bricks resulting in high inventories and keen market prices. Profits have been affected by the scrapping of obsolete plant, the use of short term loan funds for the financing of capital expenditure and the increased charge for depreciation in accordance with current income tax rate on new plant. The modernisation undertaken at Wallgrove and Rochedale plants has caused considerable dislocation to production. The Wallgrove work is completed and operating satisfactorily and the Rochedale work is due to be in operation during the second half of this financial year. The completion of the Rochedale work will give your company the most modern brickmaking plants in Australia and place your company in a most competitive position both in New South Wales and Queensland.

Additional Statutory Requirements

The amounts paid or declared by way of dividends by the company to stockholders since the end of the previous financial year—

1.	Out of profits for the year ended June 30, 1984, provided for at that date and referred to in the previous directors' report—	Amount \$000's
	Final Ordinary	1,705
2.	Out of profits for the year ended June 30, 1985, Interim Ordinary 11% paid April 26, 1985 Recommended for payment on November 1, 1985 a Final Ordinary of 15% totalling	1,406 1,918

Since 30th June, 1985, no subsidiary has declared a dividend in favour of the holding company.

The directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain that all known bad debts were written off, and that adequate provision had been made for doubtful debts.

At the date of this report the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

The directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain whether any current assets of the holding company, other than debtors, were unlikely to realise, in the ordinary course of business, their value as shown in the accounting records of the company, and ascertained that none of such current assets were unlikely to do so.

At the date of this report the directors were not aware of any circumstances which would render the values, attributable to the current assets in the group accounts, misleading.

No charge on the assets of any company in the group has arisen since the end of the financial year to the date of this report to secure the liabilities of any other person, and no contingent liability of any company in the group has arisen since the end of the financial year to the date of this report.

No contingency or other liability of any company in the group has become enforceable or is likely to become enforceable within a period of twelve months after the end of the financial year, which, in the opinion of the directors will or may affect the ability of the holding company to meet its obligations as and when they fall due.

At the date of this report the directors are not aware of any circumstances, not otherwise dealt with in the report or group accounts, which would render any amount stated in the group accounts, misleading.

The results of the operations of the group or of any company in the group during the financial year, have not, in the opinion of the directors, been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of any company in the group for the succeeding financial year.

No options on shares in Brickworks Limited, or its subsidiaries, were granted during the year, nor are any options outstanding.

No director, since the end of the previous financial year, has received or become entitled to receive, a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Signed in accordance with the resolution of the Board of Directors of Brickworks Limited.

G. G. TRAVIS, Director.
C. M. I. PEARSON, Director.

23rd SEPTEMBER, 1985.

BRICKWORKS LIMITED
AND SUBSIDIARY COMPANIES
BALANCE SHEET AS AT 30th JUNE, 1985

	NOTES	CONSOLIDATED		BRICKWORKS LIMITED	
		1985 000's \$	1984 000's \$	1985 000's \$	1984 000's \$
CAPITAL & RESERVES					
Authorised Capital \$25,000,000 12,500,000 Shares of \$2 each	2	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Issued Capital	2	12,784	11,364	12,784	11,364
Capital Reserves	3	37,770	38,944	21,453	22,626
General Reserves		22,467	22,467	17,221	17,221
Unappropriated Profits		<u>24,538</u>	<u>24,340</u>	<u>14,525</u>	<u>14,616</u>
TOTAL CAPITAL & RESERVES		<u>97,559</u>	<u>97,115</u>	<u>65,983</u>	<u>65,827</u>
LONG TERM LIABILITIES	4	717	717	717	717
PROVISIONS	5	1,211	1,231	541	495
CURRENT LIABILITIES	6	<u>8,490</u>	<u>5,996</u>	<u>3,713</u>	<u>3,478</u>
		<u>107,977</u>	<u>105,059</u>	<u>70,954</u>	<u>70,517</u>
THESE FUNDS ARE INVESTED IN FIXED ASSETS	7				
Freehold Land, Buildings, Kilns, etc.		30,797	26,980	10,078	6,053
Plant & Equipment		13,104	16,505	2,954	5,141
INVESTMENTS	8	40,733	37,479	37,629	34,470
INVESTMENTS IN SUBSIDIARIES	9	—	—	5,802	7,585
CURRENT ASSETS					
Cash and Bank Balances		17	131	5	168
Short Terms Deposits & Loans		11,517	14,346	11,517	13,695
Debtors	10	4,917	4,834	915	1,478
Stock on Hand	11	6,604	4,638	1,929	1,848
Prepayments		<u>288</u>	<u>146</u>	<u>125</u>	<u>79</u>
TOTAL ASSETS		<u>107,977</u>	<u>105,059</u>	<u>70,954</u>	<u>70,517</u>

BRICKWORKS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30th JUNE, 1985

	NOTES	CONSOLIDATED		BRICKWORKS LIMITED	
		1985 000's \$	1984 000's \$	1985 000's \$	1984 000's \$
PROFIT FROM TRADING	12	7,656	8,413	4,352	4,517
Dividends Received from Subsidiaries				850	500
				<u>5,202</u>	<u>5,017</u>
Provision for Income tax		2,140	2,095	980	1,160
		<u>5,516</u>	<u>6,318</u>	<u>4,222</u>	<u>3,857</u>
ADD Extraordinary Item (Net of Income Tax)	13	247	377	247	20
		<u>5,763</u>	<u>6,695</u>	<u>4,469</u>	<u>3,877</u>
LESS Extraordinary Item (Net of Income Tax)	13	1,246	779	992	—
		<u>4,517</u>	<u>5,916</u>	<u>3,477</u>	<u>3,877</u>
ADD Income Tax over-provided previous years		3		3	
(LESS) Income Tax under-provided previous years		(751)	(49)	—	(47)
		<u>3,769</u>	<u>5,867</u>	<u>3,480</u>	<u>3,830</u>
ADD Unappropriated Profits from previous years		24,340	21,805	14,615	13,761
		<u>28,109</u>	<u>27,672</u>	<u>18,095</u>	<u>17,591</u>
LESS Transfer to Capital Profits Reserve		247	377	247	20
		<u>27,862</u>	<u>27,295</u>	<u>17,848</u>	<u>17,571</u>
LESS Dividends —					
Interim ordinary paid		1,406	1,250	1,406	1,250
Final ordinary payable		1,918	1,705	1,918	1,705
		<u>3,324</u>	<u>2,955</u>	<u>3,324</u>	<u>2,955</u>
UNAPPROPRIATED EARNINGS CARRIED FORWARD		<u>24,538</u>	<u>24,340</u>	<u>14,524</u>	<u>14,616</u>

BRICKWORKS LIMITED

AND SUBSIDIARY COMPANIES

NOTES FORMING PART OF THE 1985 ACCOUNTS

These notes form part of and should be read in conjunction with the consolidated accounts and accounts of Brickworks Limited.

1. STATEMENT OF ACCOUNTING POLICIES

The ACCOUNTS have been prepared in accordance with conventional historical cost principles.

CONSOLIDATION. The group's subsidiary companies are all wholly owned and are included in the group consolidation.

DEPRECIATION is provided on various bases (applied consistently) so as to write off the cost over the useful life of the assets. Rates of depreciation on modern brick making plant have been increased to bring them into line with the rates allowable for income tax purposes.

STOCK AND WORK IN PROGRESS are valued at the lower of cost or net realisable value. Cost in the case of manufactured stock consist of direct material and labour costs plus an appropriate proportion of fixed and variable costs.

INCOME TAX provided has been calculated in accordance with the Income Tax Assessment Act. The amount of \$751,229 provided for income tax applicable to prior years refers to the re-assessment of shale stocks in order to bring these into line with taxation values.

TAX EFFECT ACCOUNTING has not been adopted. This method of charging income tax is not considered appropriate for the company or its subsidiaries, as the realisation of the asset "Future Tax Benefit" and the profit are indefinite.

If tax effect accounting had been adopted

(a) The net profit from trading after providing for income tax expense would have been \$5,328,546.

(b) The balance sheet would have contained an asset "Future Tax Benefit" of \$832,376 and a provision for "Deferred Income Tax" of \$366,846.

INVESTMENTS in listed companies are shown at cost price. The shares are held for long term investment, and no provision has been made for variation in value due to market fluctuations.

All shares held are in first-class companies which have long term growth prospects.

ROUNDING AMOUNTS. The parent company is a company of the kind specified in Regulation 58 (6) of the Companies (N.S.W.) Code and amounts have been rounded off in accordance with Section 271 of the code and this regulation.

EQUITY ACCOUNTING. Where the group has a material investment in a company outside the group and has capacity to significantly influence the policies of that company that investment, and the results of that company, are dealt with in accordance with the equity method of accounting. Equity retained earnings are not available for appropriation by Brickworks Limited.

This information is shown by way of a supplementary note and is not included in the profit and loss statement and balance sheet prepared in accordance with the Companies (N.S.W.) Code. Refer note 20.

2. SHARE CAPITAL — BRICKWORKS LIMITED

Authorised Capital:—

	1985	1984
	\$	\$
	000's	000's
11,446,085 Ordinary shares of \$2 each	22,892	22,892
750,000 Cumulative non-participating 8% redeemable preference shares of \$2 each	1,500	1,500
303,915 Shares of \$2 each (unclassified)	608	608
<u>12,500,000</u>	<u>25,000</u>	<u>25,000</u>
Issued and Fully Paid —		
6,392,081 Ordinary stock units of \$2 each	12,784	11,364

	CONSOLIDATED		BRICKWORKS LIMITED	
	1985	1984	1985	1984
	000's	000's	000's	000's
	\$	\$	\$	\$
3. CAPITAL RESERVES COMPRISE				
Re-valuation of assets	4,087	5,507	1,090	2,509
Capital profits	7,071	6,825	4,051	3,805
Surplus on consolidation	10,300	10,300	—	—
Share premiums	14,812	14,812	14,812	14,812
Capital redemption	1,500	1,500	1,500	1,500
	<u>37,770</u>	<u>38,944</u>	<u>21,453</u>	<u>22,626</u>
4. LONG TERM LIABILITIES				
Registered debenture stock repayable 1987	<u>717</u>	<u>717</u>	<u>717</u>	<u>717</u>
5. PROVISIONS				
Long service leave & retirement benefits	<u>1,211</u>	<u>1,231</u>	<u>541</u>	<u>495</u>
6. CURRENT LIABILITIES				
Trade creditors	3,037	2,196	1,385	613
Income tax	2,255	2,095	344	1,160
Dividends	1,918	1,705	1,918	1,705
Bank Balances	1,280	—	66	—
	<u>8,490</u>	<u>5,996</u>	<u>3,713</u>	<u>3,478</u>
7. FIXED ASSETS				
(a) Freehold land, buildings, kilns				
At officers' valuation 1961	898	898	336	336
At independent valuation 1966	106	106	—	—
At independent valuation 1967	602	602	115	116
At independent valuation 1972	2,709	2,718	505	514
At Valuer-General's valuation 1974	5,566	5,603	860	896
At cost	<u>26,472</u>	<u>26,356</u>	<u>6,321</u>	<u>7,067</u>
	36,353	36,283	8,137	8,929
Less Depreciation	<u>9,506</u>	<u>9,303</u>	<u>2,009</u>	<u>2,876</u>
	26,847	26,980	6,128	6,053
Buildings & Kilns — work in progress at cost	<u>3,950</u>	<u>3,950</u>	<u>3,950</u>	<u>3,950</u>
	<u>30,797</u>	<u>26,980</u>	<u>10,078</u>	<u>6,053</u>
(b) Plant and equipment				
At officers' valuation 1961	581	581	579	579
At cost	<u>32,591</u>	<u>34,620</u>	<u>7,465</u>	<u>10,120</u>
	33,172	35,201	8,044	10,699
Less depreciation	<u>20,068</u>	<u>18,733</u>	<u>5,090</u>	<u>5,595</u>
	13,104	16,468	2,954	5,104
Plant & equipment — work in progress at cost		37		37
	<u>13,104</u>	<u>16,505</u>	<u>2,954</u>	<u>5,141</u>

	CONSOLIDATED		BRICKWORKS LIMITED	
	1985 000's \$	1984 000's \$	1985 000's \$	1984 000's \$
8. INVESTMENTS				
Shares in quoted companies at cost	33,327	32,525	31,223	30,516
Preference shares unlisted companies at cost	5,500	3,000	5,500	3,000
Semi-government bonds at cost	706	754	706	754
Australian Savings Bonds	1,200	1,200	200	200
	<u>40,733</u>	<u>37,479</u>	<u>37,629</u>	<u>34,470</u>
Market value — quoted shares	72,754	45,209	66,869	41,255
Market value — Semi-government bonds	1,010	847	1,010	847
9. INVESTMENTS IN SUBSIDIARIES				
Shares in subsidiaries at cost			17,020	17,020
Amounts owing by subsidiaries			—	1
			<u>17,020</u>	<u>17,021</u>
Less Amounts owing to subsidiaries			11,218	9,436
			<u>5,802</u>	<u>7,585</u>
10. DEBTORS				
Trade Debtors	5,685	5,619	1,007	1,621
Less Provision for doubtful debts	598	702	75	55
	<u>5,087</u>	<u>4,917</u>	<u>932</u>	<u>1,566</u>
Other debtors	291	176	16	18
	<u>5,378</u>	<u>5,093</u>	<u>948</u>	<u>1,584</u>
Less Advance payments by customers	461	259	33	106
	<u>4,917</u>	<u>4,834</u>	<u>915</u>	<u>1,478</u>
11. STOCKS ON HAND				
Finished stocks	5,259	3,839	1,717	1,750
Work in progress	355	260	207	93
Raw materials	816	371	—	—
Stores	174	168	5	5
	<u>6,604</u>	<u>4,638</u>	<u>1,929</u>	<u>1,848</u>
12. PROFIT FROM TRADING AFTER CHARGING				
— Depreciation	4,098	2,714	768	618
Interest to subsidiary companies	—	—	958	1,182
-- Interest to other persons	56	61	56	61
Bad debts written off against profits	251	145	99	26
Auditors' remuneration	14	98	93	38
Directors' remuneration	15	50	49	44
Provision for Doubtful Debts	99	—	20	—
Provision for long service leave	48	314	46	61
AND CREDITING				
Dividends from other companies	2,510	1,887	2,365	1,780
Interests from deposits	1,440	1,716	1,261	1,576
Profit on sale of fixed assets	19	15	14	4

	CONSOLIDATED		BRICKWORKS LIMITED	
	1985	1984	1985	1984
	000's	000's	000's	000's
	\$	\$	\$	\$
13. EXTRAORDINARY ITEMS				
(a) Extraordinary profit—				
Sale of land	247	357	247	—
Investments	—	20	—	20
(b) Extraordinary losses —				
Plant, Kilns etc.	1,246	779	989	—
Investments	3	—	3	—

Extraordinary losses resulted from the scrapping of Plant & Equipment. Amounts written off are net of income tax applicable thereto.

14. AUDITORS' REMUNERATION				
Amounts received —				
Auditing accounts	88	83	38	36
Other services	10	10	—	—
	<u>98</u>	<u>93</u>	<u>38</u>	<u>36</u>

15. DIRECTORS' REMUNERATION				
Non executive directors —				
Holding company	45	44	45	44
Subsidiaries	5	5	—	—
	<u>50</u>	<u>49</u>	<u>45</u>	<u>44</u>

16. REVENUE		
(a) Group sales	36,280	32,736
(b) Non-trading income comprising		
Interest and dividends received	3,638	3,603

17. DIRECTORS' SHAREHOLDING AT 23rd September, 1985
 In compliance with Section 3C(3) of the official list requirements of the Australian Associated Stock Exchanges, the following statement shows the interest of directors in the share capital of the company as at September 23, 1985.

J. S. Millner	75,775
G. G. Travis	810
H. Dixson	18,373
A. W. Burgis	812
C. M. I. Pearson	675

The closing date for the receipt of nominations for election to the office of director at the Annual General Meeting is 22nd October, 1985.

18. SERVICE AGREEMENTS
 The contingent liability for a service agreement with a full time Executive officer is \$20,000.

19. PROVISION FOR FINAL DIVIDEND	1985	1984
	000's	000's
Proposed 30 cents per share ordinary	\$1,918	\$1,705

20. EQUITY ACCOUNTING INFORMATION

	Consolidated		Share of Associated Companies		Consolidated and Share of Associated Companies	
	1985 000's \$	1984 000's \$	1985 000's \$	1984 000's \$	1985 000's \$	1984 000's \$
PROFIT AND LOSS STATEMENT INFORMATION.						
Operating profit before tax	7,656	8,413	5,045	4,354	12,701	11,897
Income tax expense	2,140	2,095	2,010	1,797	4,150	3,892
Operating profit before extraordinary items	5,516	6,318	3,035	2,557	8,551	8,005
Extraordinary items — net of tax	(999)	(402)	462	400	(537)	(2)
Income tax over (under) provided	3	(49)	—	—	3	(49)
Net profit and extraordinary items	<u>4,520</u>	<u>5,867</u>	<u>3,497</u>	<u>2,957</u>	<u>8,017</u>	<u>7,954</u>
Profit retained at beginning of year	24,340	21,805	9,141	7,046	33,481	28,851
Net profit and extraordinary items (shown above)	4,520	5,867	3,497	2,957	8,017	7,954
Adjustments to reserves	(998)	(377)	10	8	(988)	(369)
Dividends paid and proposed	(3,324)	(2,955)	—	—	(3,324)	(2,955)
Adjustments for dividends received from associated companies	—	—	(911)	(870)	(911)	—
Profits retained at end of year	<u>24,538</u>	<u>24,340</u>	<u>11,737</u>	<u>9,141</u>	<u>36,275</u>	<u>33,481</u>
BALANCE SHEET INFORMATION						
Issued capital	12,784	11,364	—	—	12,784	11,364
Retained earnings	24,538	24,340	11,737	9,141	36,275	33,481
Other reserves	60,237	61,411	3,078	414	63,315	61,825
	<u>97,559</u>	<u>97,115</u>	<u>14,815</u>	<u>9,555</u>	<u>112,374</u>	<u>106,670</u>
Investment in associated company at cost	24,637	24,498	—	—	24,637	24,498
Retained earnings	—	—	11,737	9,141	11,737	9,141
Post acquisition reserves	—	—	3,078	414	3,078	414
Aggregate carrying amount	24,637	24,498	14,815	9,555	39,452	34,053
other investments	16,096	12,981	—	—	16,096	12,981
other assets	67,244	67,580	—	—	67,244	67,580
	<u>107,977</u>	<u>105,059</u>	<u>14,815</u>	<u>9,555</u>	<u>122,792</u>	<u>114,614</u>
Total liabilities and provisions	10,418	7,944	—	—	10,418	7,944
	<u>97,559</u>	<u>97,115</u>	<u>14,815</u>	<u>9,555</u>	<u>112,374</u>	<u>106,670</u>

Equity accounting information

Associate company — Washington H. Soul Pattinson & Co. Ltd.

Associate company's year end July 31, 1984.

Group equity at June 30, 1985 — 42.79%; 1984 — 42.68%.

Book value of investment — \$24,637.

Brickwork's share of associate's profit and extraordinary items after tax — \$3,497.

Dividends received by Brickworks Limited from associated company; 1985 — \$911; 1984 — \$870.

The equity accounts are based on the published accounts of the associated company for the years ended July 31, 1984 and 1983 respectively. The group is not aware of any significant events or transactions which have occurred after the year end of the associated company which could materially affect the financial position or operating performance of that company.

21. STATEMENT OF SHAREHOLDERS AT 23rd SEPTEMBER, 1985

(A.A.S.E. Listing Requirements 3C(11))

	\$2 Fully Paid Ordinary Shares 1,059
No. of Holders	
Voting Rights	(See Article 59 page 15)
% of Total Holdings by or on behalf of Twenty Largest Shareholders	82%
Distribution of Schedule of Holdings	
1 — 1,000	801
1,001 — 5,000	196
5,001 — 10,000	24
10,000 and over	38

Subject to any rights or restriction, for the time being attached to any class or classes of shares —

- (1) At meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney or by a representative; and
- (2) On a show of hands every member present in person or by proxy or representative shall have one vote and upon a poll every member present in person or by proxy or by representative shall have one vote for every share registered in his name PROVIDED THAT if any time there is in issue any share which has not been fully paid as to both par value and premium (if any) and which was not part of an issue of shares which was offered to all members in proportion to the numbers of shares held by them such share shall upon a poll confer only that fraction of one vote which the amount paid up on that share on account of par value and premium bears to the total issue price thereof.

Washington H. Soul, Pattinson & Company Limited is a substantial shareholder of this company, and at 23rd September, 1985, held 3,193,607 ordinary stock units.

22. PARTICULARS RELATING TO SUBSIDIARY COMPANIES

Name of Company	Place of Incorporation	Class of Shares	Investment of Parent Company at Cost		Brickworks Limited Beneficial Interest		Contribution to Consolidated Profits	
			\$000's	\$000's	%		\$000's	\$000's
			1985	1984	1985	1984	1985	1984
Brickworks Ltd. (Parent Company)	N.S.W.						2,627	3,377
The Austral Brick Co. Pty. Ltd.	N.S.W.	Ordinary	13,645	13,645	100	100	550	1,026
The Warren Brick Co. Ltd.	N.S.W.	Ordinary	45	45	100	100	16	16
Carrington Brick Co. Pty. Ltd.	N.S.W.	Ordinary	2	2	100	100	43	39
Rochedale Transport Pty. Ltd.	N.S.W.	Ordinary	1	1	100	100	28	40
Punchbowl Pipes Pty. Ltd.	N.S.W.	Ordinary	3,327	3,327	100	100	1,238	1,403
Subsidiary of Punchbowl Pipes Pty. Ltd.								
Canberra Pipes Pty. Ltd.	A.C.T.	Ordinary	—	—	100	100	14	15
			<u>\$17,020</u>	<u>\$17,020</u>			<u>\$4,516</u>	<u>\$5,916</u>

DIVIDENDS RECEIVED FROM SUBSIDIARY COMPANIES:

	1985 \$000's	1984 \$000's
The Austral Brick Co. Pty. Ltd.	100	—
Punchbowl Pipes Pty. Ltd.	750	500
	<u>850</u>	<u>500</u>

23. CAPITAL COMMITMENTS

Capital expenditure commitment at 30th June, totalled	\$7,892	\$362
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BRICKWORKS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

	1985		1984	
	S000's		S000's	
SOURCES OF FUNDS				
Funds from Operations				
Inflow of funds from operations		45,491		42,349
Outflow of funds from operations		33,470		30,857
		<u>12,021</u>		<u>11,492</u>
Operating Profit before Tax	7,656		8,413	
ADD (subtract) Non-fund Items:				
Depreciation	4,098		2,714	
Provision for Bad Debts	99		—	
Provision for Long Service Leave	187		380	
Profit on Sale of Non-current Assets	(19)		(15)	
	<u>12,021</u>	12,021	<u>11,492</u>	11,492
Reduction in Assets				
Current Assets				
Cash and Bank Balances	1,394		282	
Short Term Deposits and Loans	2,829		—	
Stock on Hand	—		1,526	
Prepayments	—	4,223	112	1,920
Proceeds from Sale of Fixed Assets				
Land, Plant and Equipment		471		404
Investments		190		1,106
Long Term Deposit		—		1,000
Increase in Liabilities				
Current Liabilities				
Trade Creditors		841		503
		<u>17,746</u>		<u>16,425</u>
APPLICATIONS OF FUNDS				
Increase in Assets				
Current Assets				
Short Term Deposits & Loans	—		1,479	
Debtors	183		111	
Stock on Hand	1,966		—	
Prepayments	142	2,291	—	1,590
Fixed Assets				
Buildings, Kilns, Plant and Equipment		6,694		7,840
Investments		3,351		814
Dividends Paid		3,111		2,955
Income Tax Paid		2,092		3,160
Long Service Leave Paid		207		66
		<u>17,746</u>		<u>16,425</u>

DIRECTORS' STATEMENT

In accordance with a resolution of the directors pursuant to Section 269 (9) of the Companies (New South Wales) Code, we state that in the opinion of the directors of Brickworks Limited:—

- (a) the accompanying profit and loss account for the company is drawn up so as to give a true and fair view of the profit of the company for the year ended 30th June, 1985;
- (b) the accompanying balance sheet of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 30th June, 1985; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

In accordance with the resolution of directors pursuant to Section 269 (10) of the Companies (New South Wales) Code we state that in the opinion of the directors of Brickworks Limited, the group accounts are drawn up so as to give a true and fair view of:

- (a) the profit of the company and its subsidiaries for the financial year ended 30th June, 1985; and
- (b) the state of affairs of the company and its subsidiaries as at 30th June, 1985.

The accounts of the company to which this statement relates have been made out in accordance with approved accounting standards.

- (a) In forming an opinion for the purpose of this statement, the directors have regard to:—

- circumstances that have arisen; and
- information that has become available,

since the end of the financial year, being circumstances or information that would, if the accounts had been made out on this date, have affected the determination of an amount or particular in the accounts.

- (b) No such circumstances have arisen, and no such information has become available.

Dated this 23rd day of September, 1985.

G. G. TRAVIS, Director.

C. M. I. PEARSON, Director.

AUDITOR'S REPORT

To the members of Brickworks Limited.

We have audited the attached accounts in accordance with Australian Auditing Standards.

As reported in previous years, the company and the group have not adopted Tax Effect Accounting as required by Australian Accounting Standard AAS3. If the Standard had been adopted:—

- (i) the net profit from trading, after providing for Income Tax Expense, would have been \$4,273,044 for the company and \$5,328,546 for the group; and
- (ii) the balance sheet would have contained an asset termed "Future Tax Benefit" of \$283,577 for the company and \$832,376 for the group, and a liability termed "Provision for Deferred Income Tax" of \$263,094 for the company and \$366,846 for the group.

In our opinion:

- (a) the accounts of Brickworks Limited, and group accounts of the company and its subsidiaries, which have been prepared under the historical cost convention as stated in note 1, are properly drawn up in accordance with the provisions of the Companies (New South Wales) Code and so as to give a true and fair view of:
 - (i) the state of affairs of the company and of the group as at 30th June, 1985 and of the profit of the company and of the group for the year ended on that date so far as they concern members of the holding company; and
 - (ii) the other matters required by section 269 of that Code to be dealt with in the accounts and in the group accounts;and are in accordance with Australian Accounting Standards and applicable approved accounting standards.
- (b) the accounting records and other records, and the registers required by that Code to be kept by the company and by its subsidiaries have been properly kept in accordance with the provisions of that Code or, in the case of the subsidiary incorporated in the Australian Capital Territory, in accordance with the provisions of the Act of that Territory.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the company's accounts are in a form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for that purpose.

No auditor's report on the accounts of the subsidiaries was made subject to any qualification, or included any comment made under the subsection (4) of section 285 of the Code.

TRAVIS & TRAVIS,
Chartered Accountants
A. R. PIERCE
A Member of the Firm

Dated: 23rd SEPTEMBER, 1985.

BRICKWORKS LIMITED

FIVE YEAR SUMMARY

	1981	1982	1983	1984	1985
	(Thousands \$'s)				
Consolidated net profit before tax	18,109	15,930	8,754	8,413	7,656
Taxation	<u>8,017</u>	<u>6,810</u>	<u>3,111</u>	<u>2,095</u>	<u>2,140</u>
Net Profit after tax	<u><u>10,092</u></u>	<u><u>9,120</u></u>	<u><u>5,643</u></u>	<u><u>6,318</u></u>	<u><u>5,516</u></u>
Net Profit as a % of:—					
Shareholders' funds	12.09	9.99	6.0	6.50	5.65
Ordinary capital	106.45	80.25	49.66	55.59	43.15
Capital:					
Ordinary	9,471	11,364	11,364	11,364	12,784
Preference	—	—	—	—	—
Dividend Rate: %					
Ordinary stock	26	26	26	26	26
Preference stock	8	—	—	—	—
Total Assets	98,623	103,954	102,346	105,059	107,977
Total Liabilities	15,182	12,643	8,142	7,944	10,418
Total Stockholders' Funds	83,441	91,311	94,204	97,115	97,559

BRICKWORKS LIMITED

62 BELMORE ROAD,
PUNCHBOWL, N.S.W. 2196

PROXY

I,
of
being a member of BRICKWORKS LIMITED and entitled to vote hereby appoint

.....
or failing him the chairman of the meeting as my proxy to vote for me and on my behalf at the Ordinary General Meeting of BRICKWORKS LIMITED to be held on Friday 1st November, 1985, and at any adjournment thereof.

If two proxies are being appointed, the proportion of member's rights this proxy is appointed to represent is

DATED this day of 1985.

.....
Signature of Stockholder

1. The proxy need not be a member of the company.
2. Where proxies are appointed by a member's attorney, the Power of Attorney, together with evidence of non-revocation must be lodged with this proxy form.
3. Proxies for a corporation must be appointed under the seal of the Corporation.
4. Proxies must be received at the office of the company, not less than 48 hours prior to the time appointed for holding the meeting.
5. Any stockholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his stead: where more than one proxy is appointed each must be appointed to represent a specified proportion of the stockholder's voting rights. A proxy holder need not be a stockholder of the company.
6. Should the member wish to direct how the votes are to be cast, insert "FOR" or "AGAINST" in the space appearing against each resolution hereunder:—
 - (1) Adoption of reports and accounts
 - (2) Declaration of dividend
 - (3) To re-elect as a director:

Mr. J. S. Millner.