

BKW

BKW
1992

ANNUAL REPORT

1992

BRICKWORKS LIMITED

A.C.N. 000 028 526

**REGISTERED
OFFICE:**

90 Longueville Road, Lane Cove, N.S.W.
Telephone: (02) 427 6555
Facsimile: (02) 427 5127

DIRECTORS:

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

GEOFFREY G. TRAVIS B.Ec. (Syd); FCA.
Director since 1978

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

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

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

SECRETARY:

ALEXANDER J. PAYNE B.Comm; Dip CM; CPA; ACIS ACIM; JP.

AUDITORS:

TRAVIS & TRAVIS Chartered Accountants

BANKERS:

NATIONAL AUSTRALIA BANK LIMITED

**CONTROLLED
ENTITIES:**

THE AUSTRAL BRICK COMPANY PTY. LIMITED A.C.N. 000 005 550
AUSTRAL PIPES AUSTRALIA PTY. LIMITED A.C.N. 000 012340
CANBERRA PIPES PTY. LIMITED A.C.N. 008 392 014
CARRINGTON BRICK COMPANY PTY. LIMITED A.C.N. 000 002 979
THE WARREN BRICK COMPANY LIMITED A.C.N. 000 006 682
ROCHEDALE TRANSPORT PTY. LIMITED A.C.N. 000 646 695

Subs.

**SHARE
REGISTER:**

REGISTRY MANAGERS (AUSTRALIA) PTY. LIMITED
Level 2, 321 Kent Street
SYDNEY NSW 2000
Telephone: (02) 290 4111
Facsimile: (02) 262 2574

Highlights

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

DIRECTORS' REPORT

The directors of Brickworks Limited present their report and the financial statements of the chief entity and its controlled entities for the financial year ended 30th June, 1992.

Directors

The Directors in office at the date of this report are as follows:—

J.S. MILLNER A.M.; PhC; MPS (Chairman)

G.G. TRAVIS BEc (Syd); FCA

H. DIXSON MA (Cantab.); BA (Syd)

A.W. BURGIS CPA; ACIS; JP

MAJOR GENERAL (R.L.) C.M.I. PEARSON AO; DSO; OBE; MC

Principal Activities

The principal activities of the economic entity during the year were the manufacture of clay products and investment.

Result of Operations

The consolidated net profit for the year ended 30th June, 1992 of the economic entity after income tax expense, amounted to \$28,212,455 compared with \$34,484,284 for the previous year.

Dividends

The directors recommend that the following dividend be declared out of profits for the year:

Ordinary shareholders — \$6,586,180 (fully franked).

Dividends paid during the year under review were:

- (a) Final ordinary of \$6,586,180 (fully franked) out of profits for the year ended 30th June, 1991 and referred to in the previous directors' report;
- (b) Interim ordinary of \$6,586,180 (fully franked) paid 27th April, 1992.

Review of Operations

The group has only suffered slightly in the current economic climate. Excluding the Abnormal (Extraordinary) Items which saw a significant reduction from the high levels of previous years, the Operating Profit reduced by only 3.7% on the previous year. This reduction was mainly due to the effect of the significant reduction in interest rates and its effect on our interest income. The highlight of the year was a 4% increase in profit from our brick and paver operations in NSW and Queensland.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the economic entity during the year.

Likely Developments

The future profits of the group will depend directly on economic conditions and the coming year will also see a further reduction in Abnormal (Extraordinary) Items.

Post Balance Date Events

No matters or circumstances have arisen since the end of the financial year that may significantly affect in subsequent financial years:

- (i) the operations of the economic entity;
- (ii) the result of those operations; or
- (iii) the state of affairs of the economic entity.

Directors' Benefit

No director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the chief entity, controlled entity or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amounts of emoluments received or due and receivable by directors shown in the company's accounts, prepared in accordance with Schedule 5 of the Corporations Regulations, or the fixed salary of a full-time employee of the chief entity, controlled entity or related body corporate.

Rounding off of Amounts to the Nearest Thousand Dollars

The company is a company of the kind referred to in Corporations Regulation 3.6.05(6) and in accordance with sec. 311 of the Corporations Law amounts in the accounts have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

Dated this twenty eighth day of September, 1992.

Signed in accordance with a resolution of the directors at Horsley Park.

H. DIXSON, Director

G.G. TRAVIS, Director

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

DIRECTORS PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE. 1992

	TRUE AND FAIR PROFIT			
	ECONOMIC ENTITY		CHIEF ENTITY	
	1992	1991	1992	1991
	\$000	\$000	\$000	\$000
Operating profit	29,796	* 31,802	27,212	8,422
Income tax attributable to operating profit	9,750	10,995	1,348	1,835
Operating profit after income tax	20,046	20,807	25,864	6,587
Profit on extraordinary items	8,529	13,677	7,800	7,630
Income tax attributable to extraordinary items	363	-	-	-
Profit on extraordinary items after income tax	8,166	13,677	7,800	7,630
Operating profit and extraordinary items after income tax	28,212	34,484	33,664	14,217
Retained profits at the beginning of the financial year	30,229	22,603	15,171	21,643
Total available for appropriation	58,441	57,087	48,835	35,860
Dividends proposed and paid	13,172	13,172	13,172	13,172
Aggregate of amounts transferred to reserves	8,166	13,686	7,800	7,517
Retained profits at the end of the financial year	37,103	30,229	27,863	15,171

NOTE: The Profit and Loss Account presented on the following page has been prepared in accordance with Australian Accounting Standards. Your Directors believe that the Operating Profit after Income Tax shown therein does not present a true and fair view of the results of the operations of your company for the year. Accordingly the Directors have, as is their duty under Section 292 of the Corporations Law, presented under the heading "True and Fair Profit" additional information in accordance with Section 299 of the Corporations Law what in their opinion is the true and fair operating profit after income tax. The Directors have departed from Accounting Standards AASB 1018 under the heading "True and Fair Profit" and have shown gains which are attributable to events or transactions of a type that are outside the ordinary operations of the economic entity as extraordinary items as they have done in the past.

The objective of the company is to make profit for distribution to shareholders by the manufacture and sale of various clay products and from dividend and interest income. Your company is a long term share investor and property holder and does not seek to increase its operating profit by disposing of these assets. Your Directors believe that to include in the company's operating profit any profit or loss which does not arise from its stated objective would not present a true and fair view of the results of the company. The quantified financial effect of non-compliance with AASB 1018 is that had we complied with that standard our operating profit would have been shown as \$28,212,455 (1991 \$34,484,284) which is the same figure as has been shown under Operating Profit and Extraordinary Items after Income Tax.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1992

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		1992 \$000	1991 \$000	1992 \$000	1991 \$000
Operating profit before abnormal items and income tax	3	29,796	31,802	27,212	8,422
Abnormal items before income tax	7	<u>8,529</u>	<u>13,677</u>	<u>7,800</u>	<u>7,630</u>
Operating profit before income tax		38,325	45,479	35,012	16,052
Income tax attributable to operating profit	4	<u>10,113</u>	<u>10,995</u>	<u>1,348</u>	<u>1,835</u>
Operating profit after income tax		28,212	34,484	33,664	14,217
Retained profits at the beginning of the financial year		<u>30,729</u>	<u>22,603</u>	<u>15,171</u>	<u>21,643</u>
Total available for appropriation		58,441	57,087	48,835	35,860
Dividends proposed and paid	8	13,172	13,172	13,172	13,172
Aggregate of amounts transferred to reserves	18(b)	<u>8,166</u>	<u>13,686</u>	<u>7,800</u>	<u>7,517</u>
Retained profits at the end of the financial year		<u><u>37,103</u></u>	<u><u>30,229</u></u>	<u><u>27,863</u></u>	<u><u>15,171</u></u>

The accompanying notes form part of these financial statements

**BRICKWORKS LIMITED
AND CONTROLLED ENTITIES
BALANCE SHEET AS AT 30TH JUNE, 1992**

A.C.N. 000 028 526

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		1992 \$000	1991 \$000	1992 \$000	1991 \$000
CURRENT ASSETS					
Cash		10	110	43	35
Receivables	9	12,371	10,340	175	226
Inventories	10	22,373	24,432	-	-
Other	11(a)	52,264	41,296	51,819	40,935
TOTAL CURRENT ASSETS		87,018	76,178	52,037	41,196
NON CURRENT ASSETS					
Investments	12	38,350	38,133	193,863	193,645
Property, Plant and Equipment	13	179,280	173,522	950	950
Other	11(b)	1,532	1,445	22,302	13,533
TOTAL NON CURRENT ASSETS		219,162	213,100	217,115	208,128
TOTAL ASSETS		306,180	289,278	269,152	249,324
CURRENT LIABILITIES					
Creditors and Borrowings	14	6,631	5,720	32	67
Provisions	15(a)	18,729	19,232	7,958	8,563
TOTAL CURRENT LIABILITIES		25,360	24,952	7,990	8,630
NON CURRENT LIABILITIES					
Provisions	15(b)	7,817	6,363	64	88
Other	16	-	-	1,673	1,673
TOTAL NON CURRENT LIABILITIES		7,817	6,363	1,737	1,761
TOTAL LIABILITIES		33,177	31,315	9,727	10,391
NET ASSETS		273,003	257,963	259,425	238,933
SHAREHOLDERS EQUITY					
Share Capital	17	2,634	2,634	2,634	2,634
Reserves	18	233,266	225,100	228,928	221,128
Retained Profits		37,103	30,229	27,863	15,171
TOTAL SHAREHOLDERS EQUITY		273,003	257,963	259,425	238,933
CAPITAL COMMITMENTS	19	22,302	3,871	-	-

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1992

VOTE 1: STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with Statements of Accounting Concepts, applicable Accounting Standards and the Corporations Law, including the disclosure requirements of Schedule 5. The accounts have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the accounts.

PRINCIPLES OF CONSOLIDATION. The consolidated accounts comprise the accounts of Brickworks Limited and all of its controlled entities. A controlled entity is any entity controlled by Brickworks Limited. Control exists where Brickworks Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Brickworks Limited to achieve the objectives of Brickworks Limited.

A list of controlled entities is contained in Note 22 to the accounts. All inter-company balances and transactions between entities in the economic entity, including any unrealised profit or losses, have been eliminated on consolidation.

NON-CURRENT INVESTMENTS. Investments are brought to account at cost. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends are brought to account in the profit and loss account when received.

Equity accounting information for investments in associated companies are shown in Note 25 to the accounts. An associated company is a company over which the economic entity is able to exercise significant influence.

PROPERTY PLANT AND EQUIPMENT. Property, plant and equipment are brought to account at cost or at Independent valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and/or on subsequent disposal of the assets. The expected net cash flows have, where appropriate, been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings but excluding freehold land, is depreciated over their useful lives commencing from the time the asset is held ready for use.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax of the economic entity in the year of disposal.

The revaluations of freehold land and buildings have not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

INCOME TAX. The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

INVENTORIES. Finished goods, raw materials and work in progress are valued at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour, and an appropriate portion of variable and fixed overhead, the latter is applied on the basis of normal operating capacity.

EMPLOYEE ENTITLEMENTS. The amounts expected to be paid to employees for their pro-rata entitlements to long service, annual and sick leave are accrued annually at current wage rates.

COMPARATIVE FIGURES. Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		1992 \$000	1991 \$000	1992 \$000	1991 \$000
NOTE 2: OPERATING REVENUE BEFORE ABNORMAL ITEMS AND INCOME TAX					
(a) Sales revenue		98,551	90,683	-	-
(b) Other operating revenue					
Interest received					
Other corporations		3,848	5,478	3,674	4,926
Dividends received					
Controlled entities		-		20,111	99
Other corporations		3,775	3,822	3,664	3,723
Proceeds on sale of non-current assets		216	280	-	-
Other		63	116	-	-
Total revenue		<u>106,453</u>	<u>100,379</u>	<u>27,449</u>	<u>8,748</u>

NOTE 3: OPERATING PROFIT BEFORE ABNORMAL ITEMS AND INCOME TAX HAS BEEN DETERMINED AFTER:

(a) Charging as expenses:					
Interest paid or payable to:					
Other persons		-	2	-	-
Depreciation of property, plant and equipment					
Buildings, kilns etc.		1,705	1,561	-	-
Plant and equipment		4,203	3,758	-	-
		<u>5,908</u>	<u>5,319</u>	-	-
Directors' remuneration	5	96	96	96	96
Auditors' remuneration	6	162	159	58	60
Loss on sale of non-current assets		206	36	-	-
Transfers to provision for:					
Employee entitlements		2,298	2,340	-	-
Doubtful debts		311	405	-	-
Product claims		76	176	-	-
Other		563	531	-	-
Goodwill on consolidation		-	275	-	-
(b) Crediting as income:					
Dividends received from:					
Controlled entities		-	-	20,111	99
Other corporations		3,775	3,822	3,664	3,723
Interest received from:					
Other corporations		3,848	5,478	3,674	4,926
Profit on sale of non-current assets		22	111	-	-

	ECONOMIC ENTITY		CHIEF ENTITY	
	1992	1991	1992	1991
	\$000	\$000	\$000	\$000
NOTE 4: INCOME TAX EXPENSE				
The prima facie tax on operating profit is reconciled to the income tax provided in the accounts as follows:				
Prima facie tax payable on operating profit and abnormal items before income tax at 39%	14,947	17,736	13,655	6,260
(a) Add: Tax effect of:				
Fringe benefits tax	31	22	-	-
Other non-allowable items and adjustments	55	120	7	41
Revaluation increment	90	-	-	-
	<u>15,123</u>	<u>17,878</u>	<u>13,662</u>	<u>6,301</u>
Less: Tax effect of:				
Capital profits not subject to income tax	3,042	5,334	3,042	2,976
Indexation on sale of properties	12	-	-	-
Rebateable dividends	1,472	1,490	9,272	1,490
Overprovision for income tax in prior years	484	59	-	-
Income tax expense attributable to operating profit	<u>10,113</u>	<u>10,995</u>	<u>1,348</u>	<u>1,835</u>
(b) Income tax expense attributable to:				
Operating profit before income tax	9,750	10,995	1,348	1,835
Abnormal items	363	-	-	-
	<u>10,113</u>	<u>10,995</u>	<u>1,348</u>	<u>1,835</u>
(c) The income tax expense comprises amounts set aside as:				
Provision for income tax attributable to current year				
- Income tax payable on operating profit	8,876	9,787	1,372	1,976
- Income tax payable on abnormal items	363	-	-	-
- Over provision for income tax in prior years	(484)	(59)	-	-
Provision for income tax attributable to future years				
- Provision for deferred income tax	1,445	1,520	(24)	(141)
- Future income tax benefit	(87)	(253)	-	-
	<u>10,113</u>	<u>10,995</u>	<u>1,348</u>	<u>1,835</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1992	1991	1992	1991
\$000	\$000	\$000	\$000

NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' Remuneration

Amount received, or due and receivable,
by directors of the economic entity

96	96	96	96
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The number of directors whose total income
fell within the following bands:

	NO.	No.
\$10,000 to \$19,999	4	4
\$20,000 to \$29,999	-	-
\$30,000 to \$39,999	1	1

The names of chief entity directors who
have held office during the financial
year are:

James S. Millner
Geoffrey G. Travis
Hugh Dixon
Albert W. Burgis
Cedric M. I. Pearson

The directors received no benefits other than those
disclosed in the notes to the accounts.

(b) Executive Officer's Remuneration

Income received or due and receivable by
executive officers of the economic entity,
from all entities in the economic entity and
any related corporations whose income is
\$100,000 or more

145	151	-	-
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The number of executive officers whose
income was within the following bands:

	No.	No.	No.	No.
\$140,000-\$149,999	1	-	-	-
\$150,000-\$159,999	-	1	-	-

(c) Retirement and Superannuation Payments

Amounts paid to senior executives on retirement
from office or to prescribed superannuation
funds for the provision of retirement benefits
for all senior executives

87	87	-	-
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NOTE 6: AUDITORS' REMUNERATION

Amount receivable by the auditors for:

Auditing the accounts	124	116	20	17
Other services	38	43	38	43
	<u>162</u>	<u>159</u>	<u>58</u>	<u>60</u>

NOTE 7: ABNORMAL ITEMS

Capital profit on sale of property	8,529	13,686	7,800	7,517
Less: Income tax applicable	(363)	-	-	-
Income tax refund relating to prior years	-	266	-	113
Goodwill on consolidation	-	(275)	-	-
	<u>8,166</u>	<u>13,677</u>	<u>7,800</u>	<u>7,630</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1992	1991	1992	1991
\$000	\$000	\$000	\$000

NOTE 8: DIVIDEND PAID AND PROPOSED

Interim ordinary dividend paid of 50 cents per share, fully franked. (1991 50 cents fully franked)	6,586	6,586	6,586	6,586
Proposed final ordinary dividend of 50 cents per share, fully franked	<u>6,586</u>	<u>6,586</u>	<u>6,586</u>	<u>6,586</u>
	<u>13,172</u>	<u>13,172</u>	<u>13,172</u>	<u>13,172</u>

NOTE 9: RECEIVABLES

Current

Trade debtors	13,398	11,260	-	-
Less: provision for doubtful debts	<u>591</u>	<u>555</u>	-	-
	12,807	10,705		
Other debtors	<u>278</u>	<u>297</u>	<u>175</u>	<u>226</u>
	13,085	11,002	175	226
Less: Advance payments by customers	<u>714</u>	<u>662</u>	-	-
	<u>12,371</u>	<u>10,340</u>	<u>175</u>	<u>226</u>

NOTE 10: INVENTORIES

Current

Raw materials and stores	7,579	9,178	-	-
Work in progress	1,186	1,152	-	-
Finished goods	<u>13,608</u>	<u>14,102</u>	-	-
	<u>22,373</u>	<u>24,432</u>	-	-

NOTE 11: OTHER ASSETS

(a) Current

Short term deposits and loans	51,807	40,923	51,807	40,923
Prepayments	<u>457</u>	<u>373</u>	<u>12</u>	<u>12</u>
	<u>52,264</u>	<u>41,296</u>	<u>51,819</u>	<u>40,935</u>

(b) Non-Current

Future income tax benefit	1,532	1,445	-	-
Amount owing by controlled entities	-	-	<u>22,302</u>	<u>13,533</u>
	<u>1,532</u>	<u>1,445</u>	<u>22,302</u>	<u>13,533</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1992	1991	1992	1991
\$000	\$000	\$000	\$000

NOTE 12: INVESTMENTS

Non-current investments comprise:

Shares in controlled entities not listed, at cost	-	-	156,323	156,323
Shares in other corporations:				
listed on a prescribed stock exchange, at cost	38,350	38,133	37,540	37,322
	<u>38,350</u>	<u>38,133</u>	<u>193,863</u>	<u>193,645</u>
At market value — listed	<u>226,579</u>	<u>196,341</u>	<u>218,566</u>	<u>189,438</u>

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

(a) Freehold land, buildings, kilns etc.

At cost	61,587	61,611	20	20
At independent valuation 1990	82,405	82,636	930	930
	<u>143,992</u>	<u>144,247</u>	<u>950</u>	<u>950</u>
Less: depreciation	14,768	14,008	-	-
	<u>129,224</u>	<u>130,239</u>	<u>950</u>	<u>950</u>

(b) Plant and equipment

At cost	65,323	61,724	-	-
Less: depreciation	24,349	20,659	-	-
	<u>40,974</u>	<u>41,065</u>	<u>-</u>	<u>-</u>
Add: work in progress — at cost	9,082	2,218	-	-
	<u>50,056</u>	<u>43,283</u>	<u>-</u>	<u>-</u>

Total property, plant and equipment	<u>179,280</u>	<u>173,522</u>	<u>950</u>	<u>950</u>
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The independent valuations of freehold land in 1990 were carried out by Mr. R.J. McGarva AAIIV, FREI, FSLE, and Mr. J.H. Fawcett F.A.I.V., based on estimated current market values. The revaluations take no account of potential capital gains tax and were not made in accordance with a policy of regular annual revaluations.

NOTE 14: CREDITORS AND BORROWINGS

Current

Bank overdraft	26	-	-	-
Trade creditors	6,605	5,720	32	67
	<u>6,631</u>	<u>5,720</u>	<u>32</u>	<u>67</u>

	ECONOMIC ENTITY		CHIEF ENTITY	
	1992	1991	1992	1991
	\$000	\$000	\$000	\$000

NOTE 15: PROVISIONS

(a) Current				
Dividends	6,586	6,586	6,586	6,586
Taxation	9,228	9,827	1,372	1,977
Employee entitlements	2,456	2,278	-	-
Product claims	133	173	-	-
Other	326	368	-	-
	<u>18,729</u>	<u>19,232</u>	<u>7,958</u>	<u>8,563</u>
(b) Non-Current				
Deferred income tax	7,477	6,032	64	88
Employee entitlements	340	331	-	-
	<u>7,817</u>	<u>6,363</u>	<u>64</u>	<u>88</u>

NOTE 16: OTHER LIABILITIES

Non-Current				
Amounts owing to controlled entities	-	-	1,673	1,673

NOTE 17: SHARE CAPITAL

(a) Authorised capital				
125,000,000 ordinary shares of 20 cents each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
(b) Issued capital				
13,172,360 ordinary shares of 20 cents each fully paid	<u>2,634</u>	<u>2,634</u>	<u>2,634</u>	<u>2,634</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1992	1991	1992	1991
\$000	\$000	\$000	\$000

NOTE 18: RESERVES

(a) Composition of reserves

Capital reserves —				
Capital profits	83,946	75,780	80,224	72,424
Capital redemption	1,500	1,500	1,500	1,500
Asset revaluation	930	930	930	930
Share premium	135,274	135,274	135,274	135,274
Revenue reserve —				
General	11,616	11,616	11,000	11,000
	<u>233,266</u>	<u>225,100</u>	<u>228,928</u>	<u>221,128</u>

(b) Movements in reserves

Capital profits reserve				
Balance 1st July, 1991	75,780	62,094	72,424	64,907
Transfer from retained earnings	8,166	13,686	7,800	7,517
Balance 30th June, 1992	<u>83,946</u>	<u>75,780</u>	<u>80,224</u>	<u>72,424</u>
Asset revaluation reserve				
Balance 1st July, 1991	930	230	930	230
Revaluation of freehold land	-	700	-	700
Balance 30th June, 1992	<u>930</u>	<u>930</u>	<u>930</u>	<u>930</u>
Share premium reserve				
Balance 1st July, 1991	135,274	5,143	135,274	5,143
Premium of \$19.80 per share on 6,586,180 shares issued during the period	-	130,406	-	130,406
Costs of the issue	-	(275)	-	(275)
Balance 30th June, 1992	<u>135,274</u>	<u>135,274</u>	<u>135,274</u>	<u>135,274</u>

NOTE 19: CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure projects	<u>22,302</u>	<u>3,871</u>	<u>-</u>	<u>-</u>
Payable				
- Not later than one year	19,706	3,871	-	-
- Later than one year but not later than 2 years	2,596	-	-	-
	<u>22,302</u>	<u>3,871</u>	<u>-</u>	<u>-</u>

NOTE 20: RELATED PARTY TRANSACTIONS

During the year material transactions took place with the following related parties:

(a) Dividend revenue derived from related parties:

Washington H. Soul Pattinson and Company Limited	2,852	2,535	2,741	2,437
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(b) Ownership interest:

Washington H. Soul Pattinson and Company Limited	42.85%	42.91%	41.18%	41.24%
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NOTE 21: STATEMENT OF OPERATIONS BY SEGMENTS

	CLAY PRODUCTS		INVESTMENT		CONSOLIDATED	
	1992	1991	1992	1991	1992	1991
	\$000	\$000	\$000	\$000	\$000	\$000
(a) Industry classification						
Sales to customers outside economic entity	98,551	90,683	7,623	9,299	106,174	99,982
Segment result	22,129	22,433	7,388	8,973	29,517	31,406
Other revenue					279	396
Consolidated operating profit (before abnormal items and income tax)					29,796	31,802
Segment assets	214,886	209,000	91,294	80,278	306,180	289,278

(b) Geographical classification

The economic entity operates predominantly within Australia.

NOTE 22: CONTROLLED ENTITIES**(a) Controlled entities and contribution to consolidated profit.**

	PLACE OF INCORPORATION	CLASS OF SHARES	% OWNED		INVESTMENT AT COST		CONTRIBUTION TO CONSOLIDATED OPERATING PROFIT AND ABNORMAL ITEMS AFTER INCOME TAX	
			1992	1991	1992	1991	1992	1991
					\$000	\$000	\$000	\$000
Brickworks Limited	NSW						13,554	14,117
Controlled entities of Brickworks Limited								
The Austral Brick Company Pty. Limited	NSW	Ordinary	100	100	152,602	152,602	14,006	18,789
- Austral Pipes Australia Pty. Limited	NSW	Ordinary	100	100	-	-	476	1,689
- Canberra Pipes Pty. Limited	ACT	Ordinary	100	100	-	-	-	-
- Rochedale Transport Pty. Limited	NSW	Ordinary	100	100	-	-	65	65
The Warren Brick Co. Limited	NSW	Ordinary	100	100	621	621	-	-
Carrington Brick Co. Pty. Limited	NSW	Ordinary	100	100	3,101	3,101	111	99
Less:								
Goodwill on consolidation							-	(275)
							28,212	34,484

NOTE 23: SUPERANNUATION COMMITMENTS

Superannuation plans have been established for the provision of benefits to employees of entities in the economic entity on retirement, death or disability. All benefits provided under the plans are based on contributions for each employee. Employees contribute various percentages of their gross income and the company contributes at various percentages of the employees contribution. There is a legally enforceable obligation on the economic entity to contribute to a superannuation plan.

NOTE 24: STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES**Banking Overdrafts:**

The economic entity has a set off facility with its Bankers for its normal trading operations. The total net overdraft facility is \$250,000 the terms and conditions of which are set and agreed to from time to time.

**NOTE 25: MATERIAL INTEREST IN CORPORATIONS NOT BEING CONTROLLED ENTITIES
— ASSOCIATED COMPANIES**

	CONSOLIDATED		SHARE OF ASSOCIATED COMPANIES		CONSOLIDATED AND SHARE OF ASSOCIATED COMPANIES	
	1992 \$000	1991 \$000	1992 \$000	1991 \$000	1992 \$000	1991 \$000
(a) Profit and loss statement information						
Operating profit before income tax after eliminating associated company dividends	26,944	29,267	14,244	15,607	41,188	44,874
Income tax expense	9,750	10,995	4,707	4,794	14,457	15,789
Operating profit after income tax	17,194	18,272	9,537	10,813	26,731	29,085
Abnormal items — net of income tax	8,166	13,677	621	1,578	8,787	15,255
Net profit	25,360	31,949	10,158	12,391	35,518	44,340
Profit retained at beginning of period	30,229	22,603	9,448	10,891	39,677	33,494
Net profit and extraordinary items	25,360	31,949	10,158	12,391	35,518	44,340
Other adjustments	-	-	(14)	(3,968)	(14)	(3,968)
Transfer to reserves	(8,166)	(13,686)	(6,509)	(8,951)	(14,675)	(22,637)
Dividend paid and proposed	(13,172)	(13,172)	-	-	(13,172)	(13,172)
Adjustments for dividends received from associated companies	2,852	2,535	(425)	(915)	2,427	1,620
	37,103	30,229	12,658	9,448	49,761	39,677
(b) Balance sheet information						
Issued capital	2,634	2,634	-	-	2,634	2,634
Retained earnings	37,103	30,229	12,658	9,448	49,761	39,677
Other reserves	233,266	225,100	72,086	66,027	305,352	291,127
	273,003	257,963	84,744	75,475	357,747	333,438
Investment in associated companies — at cost	28,260	28,260	-	-	28,260	28,260
Retained earnings	-	-	12,658	9,448	12,658	9,448
Post acquisition reserve	-	-	72,086	66,027	72,086	66,027
Aggregate carrying amount	28,260	28,260	84,744	75,475	113,004	103,735
Other investments	10,090	9,873	-	-	10,090	9,873
Other assets	267,830	251,145	-	-	267,830	251,145
	306,180	289,278	84,744	75,475	390,924	364,753
Total liabilities	33,177	31,315	-	-	33,177	31,315
Net assets	273,003	257,963	84,744	75,475	357,747	333,438

The Economic Entity's share of the unappropriated profits of associated companies is not available for distribution to shareholders of the company except to the extent that those profits are later received as dividends from the Associated Companies.

**NOTE 25: MATERIAL INTEREST IN CORPORATIONS NOT BEING CONTROLLED ENTITIES
— ASSOCIATED COMPANIES (cont'd)**

(c) Associated Companies Accounted for under the Equity method

	ASSOCIATES' YEAR END	GROUP		CONTRIBUTION OF ASSOCIATED COMPANIES TO OPERATING PROFIT AND ABNORMAL ITEMS AFTER INCOME TAX	
		INVESTMENT	EQUITY	1992	1991
		\$000	%	\$000	\$000
Washington H. Soul Pattinson and Company Limited Pharmaceutical, Coal and Investment	31 July, 1991	28,260	42.85	10,158	12,391

The equity accounts are based on the published accounts of the associated companies as stated above. The economic entity 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.

	NUMBER OF SHARES HELD	
(d) Reciprocal Shareholding		
Shareholdings by associated company in Brickworks Limited:		
Washington H. Soul Pattinson & Company Limited	6,564,514	6,564,514
	1992	1991
	\$000	\$000
Dividends declared by Brickworks Limited during the year	13,172	13,172
Deduct:		
Brickworks share of dividend attributable to associated company	2,813	2,817
	<u>10,359</u>	<u>10,355</u>
(e) Dividend Revenue from associated company brought to account during the financial year	<u>2,852</u>	<u>2,535</u>

	ECONOMIC ENTITY		CHIEF ENTITY	
	1992 \$000	1991 \$000	1992 \$000	1991 \$000
NOTE 26: STATEMENT OF CASH FLOWS				
Cash flows from operating activities				
Cash receipts in the course of operations	96,289	90,874	-	-
Cash payments in the course of operations	(67,162)	(68,102)	(282)	(271)
Interest received	3,911	5,840	3,736	5,289
Dividends received	3,775	3,822	23,775	3,822
Income tax paid	(9,343)	(12,869)	(1,977)	(3,533)
Net cash provided by operating activities	<u>27,470</u>	<u>19,565</u>	<u>25,252</u>	<u>5,307</u>
Cash flows from investing activities				
Purchases of investments	(217)	(918)	(217)	(918)
Proceeds from sale of property, plant & equipment	9,092	13,966	7,799	7,516
Purchases of property, plant & equipment	(12,414)	(7,483)	-	-
Payment for controlled entity, net of cash acquired	-	(143,457)	-	(143,457)
Repayment of loan on acquisition of controlled entity	-	(15,000)	-	-
Net cash used in investing activities	<u>(3,539)</u>	<u>(152,892)</u>	<u>7,582</u>	<u>(136,859)</u>
Cash flows from financing activities				
Loan to controlled entity	-	-	(8,769)	1,467
Net proceeds from share issues	-	131,452	-	131,452
Dividends paid	(13,172)	(9,879)	(13,172)	(9,879)
Net cash used in financing activities	<u>(13,172)</u>	<u>121,573</u>	<u>(21,941)</u>	<u>123,040</u>
Net increase (decrease) in cash and cash equivalents	10,759	(11,754)	10,893	(8,512)
Cash and cash equivalents at beginning of year	41,032	52,798	40,957	49,481
Amount attributable to controlled entity acquired	-	(12)	-	(12)
Cash and cash equivalents at end of year	<u>51,791</u>	<u>41,032</u>	<u>51,850</u>	<u>40,957</u>

Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of this statement of cash flows, cash includes:

- (i) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments with less than 30 days to maturity.

Cash at the end of the year is shown in the balance sheet as:

Cash on hand	10	110	43	35
Bank overdrafts				
— unsecured	(26)	-	-	-
At call deposits with financial institutions	4,452	5,231	4,452	5,231
Money market instruments with less than 30 days to maturity	47,355	35,691	47,355	35,691
	<u>51,791</u>	<u>41,032</u>	<u>51,850</u>	<u>40,957</u>

NOTE 26: STATEMENT OF CASH FLOWS (cont'd)

	ECONOMIC ENTITY		CHIEF ENTITY	
	1992	1991	1992	1991
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Notes to the Statement of Cash Flows				
(b) Reconciliation of cash flow from operations with operating profit after income tax				
Operating profit and abnormal items and income tax	28,212	34,484	33,664	14,217
Non-cash flows in operating profit				
Goodwill on consolidation	-	275	-	-
Depreciation	5,908	5,319	-	-
Charges to provisions	132	768	-	-
Profits on sale of property, plant and equipment	(8,345)	(13,761)	(7,800)	(7,517)
Increase in taxes payable	(588)	(3,397)	(604)	(1,670)
Increase in deferred taxes payable	1,358	1,256	(24)	(142)
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entity				
Decrease in trade and sundry debtors	(2,067)	675	51	440
Decrease in prepayments	(84)	54	-	13
Increase in inventories	2,059	(5,713)	-	-
Decrease in trade creditors and accruals	885	(395)	(35)	(34)
Cash flows from operations	<u>27,470</u>	<u>19,565</u>	<u>25,252</u>	<u>5,307</u>

	ECONOMIC ENTITY	
	1992	1991
	<i>\$000</i>	<i>\$000</i>
(c) Acquisition of controlled entity		
During the year aggregate details of this transaction for both the chief entity and economic entity are:		
Purchase price	-	143,469
Cash portion of that price	-	143,469
Cash held at acquisition date	-	(12)
Payment for controlled entity net of cash acquired	-	143,457
Other assets and liabilities held at acquisition date:		
Receivables	-	10,508
Inventories	-	18,720
Other current assets	-	3,872
Property, plant & equipment	-	170,613
Other non-current assets	-	1,191
Creditors	-	(6,179)
Provisions	-	(16,410)
Other non-current liabilities	-	(30,000)
Less: Minority interest at date of acquisition	-	9,133
Goodwill on acquisition	-	275
	-	143,457

NOTE 27: DIRECTORS' SHAREHOLDING AND BENEFICIAL INTEREST AT 28TH SEPTEMBER, 1992

In compliance with Australian Stock Exchange Listing Rule 3C(3) the following statement shows the interest of directors in the share capital of the company as at 28th September, 1992:

Director	Company Ordinary 20 cent shares	Beneficially Held	Total
J.S. Millner	7,084	200,392	207,476
G.G. Travis	1,664	-	1,664
H. Dixon	1,386	36,780	38,166
A.W. Burgis	1,668	-	1,668
C.M.I. Pearson	1,386	-	1,386

**NOTE 28: STATEMENT OF SHAREHOLDERS AT 23RD SEPTEMBER, 1992
(A.S.X. LISTING RULE 3C(3))**

	20 Cents Full Paid Ordinary Shares
Number of holders	970
% of total holdings by or on behalf of twenty largest shareholders	85.32%
Distribution of Shareholdings	
1 - 1,000	628
1,000 - 5,000	250
5,000 - 10,000	30
10,000 and over	62
	<u>970</u>
Holdings of less than marketable parcel of 50 shares	33

The Names of the substantial shareholders listed in the holding company's register as at 23rd September, 1992:

Shareholder	Ordinary
1. Washington H. Soul Pattinson & Co. Ltd.	6,564,514
2. State Authorities Superannuation Board	1,315,926
3. N.R.M.A. Investments Pty. Limited	984,536
4. Australian Mutual Provident Society	897,536
	<u>9,762,512</u>

A statement containing the names of the 20 largest shareholders as at 23rd September, 1992 has been lodged with the Australian Stock Exchange.

STATEMENT BY DIRECTORS

In the opinion of the directors of the company:

- (1) (a) the Profit and Loss Account set out on page 6 has been drawn up in accordance with Australian Accounting Standards. Your Directors believe that the Operating Profit after Income Tax shown therein does not present a true and fair view of the results of the operations of your company for the year. Accordingly, the Directors have, as is their duty under section 292 of the Corporations Law, presented on page 5, under the heading "True and Fair Profit", additional information in accordance with section 299 of the Corporations Law what in their opinion is the true and fair operating profit after income tax. The Directors have departed from Accounting Standard AASB 1018 under the heading "True and Fair Profit" and have shown gains which are attributable to events or transactions of a type that are outside the ordinary operations of the economic entity as extraordinary items as they have done in the past.

The objective of the Company is to make profit for distribution to shareholders by the manufacture and sale of various clay products and from dividend and interest income. Your Company is a long term share investor and property holder and does not seek to increase its operating profit by disposing of these assets. Your Directors believe that to include in the Company's operating profit any profit or loss which does not arise from its stated objective would not present a true and fair view of the results of the Company. The quantified financial effect of non-compliance with AASB 1018 is that had we complied with that standard our operating profit would have been shown as \$28,212,455 (last year \$34,484,284) which is the same figure as has been shown under Operating Profit and Extraordinary Items after Income Tax.

- (b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the company as at the end of the financial year.
- (2) The accompanying consolidated accounts:
- (a) have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
- (b) give a true and fair view of the matters dealt with by those Divisions, subject to the matters raised in 1(a) above.
- (3) At the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the directors at Horsley Park.

Dated this twenty eighth day of September, 1992,

H. DIXSON, Director

G.G. TRAVIS, Director

AUDITOR'S REPORT

SCOPE

We have audited the accounts, set out on pages 5 to 22 of Brickworks Limited and of the economic entity for the year ended 30 June, 1992. The company's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the accounts are presented fairly in accordance with Australian Accounting Concepts and Standards and statutory requirements so as to present a view of the company and of the economic entity which is consistent with our understanding of their financial position and the results of their operations.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the accounts of Brickworks Limited and the consolidated accounts are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the state of affairs of Brickworks Limited and of the economic entity as at 30 June, 1992 and of the profit of Brickworks Limited and of the economic entity for the year ended on that date; and
 - (ii) the other matters required by Division 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with Statements of Accounting Concepts and applicable Accounting Standards.

TRAVIS & TRAVIS
Chartered Accountants
A.J. FAIRALL
Partner

28th September, 1992

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

FIVE YEAR SUMMARY

	1988 \$000	1989 \$000	1990 \$000	1991 \$000	1992 \$000
Consolidated net profit before tax	5,290	22,775	20,501	45,479	38,325
Taxation	1,113	2,300	3,081	10,995	10,113
	<u>4,177</u>	<u>20,475</u>	<u>17,420</u>	<u>34,484</u>	<u>28,212</u>
Net Profit as a % of:—					
Shareholder's funds	5.42	21.02	16.67	13.37	10.33
Ordinary capital	326.84	1,565.23	1,325.72	1,309.19	1,071.07
Capital:					
Ordinary	1,278	1,314	1,314	2,634	2,634
Dividend Rate: % (On reduced ordinary capital — 1989) (On increased ordinary capital — 1990)					
Ordinary stock	260	260	450	500	500
Special dividend	2,946	527	-	-	-
Total Assets	81,597	97,484	111,769	289,278	306,180
Total Liabilities	4,470	4,484	7,270	31,315	33,177
Total Shareholders' Equity	77,127	93,000	104,499	257,963	273,003

