

Glynwed International plc

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Report and Accounts 1982



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Notice of Meeting

Notice is hereby given that the forty second annual general meeting of Glynwed International public limited company will be held at Headland House, Sheldon, Birmingham, on Thursday, 26th May 1983 at 12 noon to transact the following business:

- 1 To receive and adopt the annual report and accounts for the 52 weeks ended 25th December 1982.
- 2 To declare a final dividend.
- 3 To elect directors.
- 4 To reappoint Coopers & Lybrand as auditors under section 14(1) of the Companies Act 1976, and to authorise the directors to fix their remuneration.

5 To consider and, if thought fit, to pass:

(i) the following resolution as an ordinary resolution —

That the general and unconditional authority to allot relevant securities (within the meaning of section 14 of the Companies Act, 1980) up to an aggregate nominal amount of £7,406,134.75 as given to the Board at the Extraordinary General Meeting of the Company held on 30th June, 1982 and expiring on the date of this Annual General Meeting be and it is hereby renewed to expire on the date of the next Annual General Meeting of the Company provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;

and, subject to the passing of the foregoing resolution,

(ii) the following resolution as a special resolution—

That the limited power to allot equity securities (within the meaning of section 17 of the Companies Act, 1980) up to an aggregate nominal value of £1,416,667 as granted to the Board pursuant to section 18 of the Companies Act, 1980 at the Extraordinary General Meeting of the Company held on 30th June, 1982 and expiring on the date of this Annual General Meeting be and it is hereby renewed to expire on the date of the next Annual General Meeting of the Company provided that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member.

By order of the board

JC Blakeley
Secretary



Birmingham
29th April 1983

Notes

1. A form of proxy accompanies the report and accounts and is for the use of shareholders who are unable to attend the meeting in person. This form should be completed, signed and returned so that it arrives at the office of the company's registrars not less than 48 hours before the time of the meeting. By signing and returning the form of proxy a shareholder will not be precluded from attending and voting in person should he subsequently find it possible to be present.
2. In accordance with the listing agreement—companies, which the company entered into with The Stock Exchange, London, the appropriate contracts of service of the directors will be available for inspection at the company's registered office between 9.00 a.m. and 4.30 p.m. on any weekday (Saturday and public holidays excluded) from 29th April 1983 to 25th May 1983 inclusive, and at the place of the meeting for 15 minutes prior to the meeting and during the meeting.



Annual general meeting	26th May
Final ordinary dividend payable	7th July
Half year end	25th June
Interim ordinary dividend payable	21st December
Preference dividend payable	30th June, 31st December
1983 year end	31st December

Interest payments (United Kingdom):

7.5% debenture stock	6th June, 6th December
6% debenture stock (Ductile Steels Ltd)	30th June, 31st December
10.75% unsecured loan stock	31st March, 30th September
6% convertible unsecured loan stock	30th June, 31st December



Financial Highlights

	1982 £000	1981 £000
Turnover	444,301	368,057
Trading profit	23,751	24,779
Share of profits/(losses) of associated companies	(16)	157
Interest charges	10,002	5,704
Group profit before taxation	13,733	19,232
Group profit attributable to ordinary shareholders	7,281	12,096
Ordinary dividends	6,153	4,799
Group profit retained	1,128	7,297
Operating assets employed	201,436	168,139
Capital expenditure on fixed assets	18,906	10,578
Depreciation	8,422	6,346
Earnings per ordinary share - - net basis	14.58p	18.53p
— nil distribution basis	19.49p	20.62p
Dividends per ordinary share	7.35p	7.35p



Sir Leslie Fletcher reports

Results and Dividends

Group profits before taxation for 1982 amounted to £13.73 million compared with £19.23 million for 1981. After deducting taxation, minority interests and extraordinary items the amount attributable to ordinary shareholders for the year is £7.28 million.

Your directors have decided to recommend a final dividend of 4.90 pence per share which together with the interim dividend will maintain the total dividend for 1982 at the same figure of 7.35 pence per share as 1981.

The Year's activities

Clearly the most important event of 1982 was the acquisition in mid-year of Ductile Steels plc at a cost, based on the market price of the ordinary shares of Glynwed at the time, of approximately £18.6 million. This acquisition strengthened our position in the steel industry while, in addition, Ductile's large interests in the manufacture of steel tube complemented Glynwed's copper and plastic tube activities.

At the same time this issue of ordinary shares materially strengthened the equity base of the group, and was the main factor in reducing the debt/equity ratio during the year to 64 percent.

Immediately following the acquisition of Ductile however, the private steel sector in the UK came under heavy pressure, principally as a result of declining demand in the second half of the year combined with the imposition by the European Commission of increasingly harsh quotas on our hot-rolled products. This is yet another example of the very real control by an outside body on the activities of a private sector company whereby we are in effect restricted as to the amount of business that we are allowed to do.

The purchase of Ductile coincided with the end of its financial year, and because Glynwed follows different accounting treatments for certain aspects of its business including the valuation of stocks and depreciation, it was decided to extend Ductile's accounting period for a further six months to 25th December 1982 and compute its profit for the 6 months since acquisition on a pro-rata basis; this amounted to £1.6 million.

In 1981 the trading profit contributions from the UK and from our overseas activities were approximately the same. Conversely, in 1982, Glynwed's overseas operations suffered a setback, whilst the results of the UK divisions, even excluding the acquisition of Ductile, showed an increase of some 27 percent over those of 1981. This improvement came from most of the UK group's activities but particularly worthy of note was a healthy improvement in the profits coming from Glynwed Appliances Ltd.

As far as the overseas operations were concerned the profits from South Africa fell by nearly 40 percent whilst in the United States we suffered heavily during the second half of the year from the depressed state of the US economy, particularly in the steel industry.

In discussing the year's activities shareholders will see that it has been necessary to re-introduce a charge for extraordinary items amounting this year to £3.5 million: the principal items making up this amount came from the stock losses incurred on the disposal of the Housewares division of Dely in South Africa, the closure of two steel stockholding plants in the USA, and the closure of the Glynwed Integrated Services Division where losses had become unsustainable, although Steelway continued to make a profit and has been transferred to the newly-formed Glynwed Engineering Division.

Interest charges increased during the year because of high interest rates in South Africa, which rose to around 20 percent, and because of a higher level of debt associated with our acquisitions in the USA.

Finally, at the end of the year we introduced certain important organisational changes in the UK. A new principal subsidiary, Glynwed UK Ltd, was formed to manage the UK operations, which at the same time have been restructured into five major divisions each operating under a Chief Executive.

Acquisitions

I have already referred to the acquisition of Ductile Steels plc. The other major purchase in 1982 was Automation Service Equipment Inc, a business based in Michigan, USA, which is involved in the development and manufacture of automated material handling equipment principally for the automotive industries. The cost of this acquisition was \$10 million. (£6.2 million).

On a much smaller scale we acquired a 43 percent interest in Thornton Group Holdings Ltd, which since the end of 1982 has risen to 77 percent at a total cost of £700,000. This company, through its main subsidiary Thor Cryogenics Ltd, is involved in the design, marketing and manufacture of superconducting magnets and photo-electronic spectromicroscope equipment.

Additionally, during 1982, we have acquired a 30 percent interest for \$800,000 (£497,000) in Technomex Inc, a company based in California which manufactures de-contamination equipment for silicon chips.

Shareholders will see that although investment in these three acquisitions is relatively modest, the group is moving towards higher technology with the intention of forming a basis for profitable diversification for the future.

General

The most pleasing aspect of 1982 was the improvement in profitability in our UK activities despite the continuing difficult economic circumstances which existed throughout the whole of 1982. Much of this improvement is due to efficiencies which have resulted from the severe rationalisation programme which was started as long as three years ago.

As far as Glynwed is concerned, whilst we are still looking for further improvements in productivity and even more economic use of capital employed in our mainstream businesses, we must nevertheless continue our search for new products and higher technology. However, with the rate of inflation now at least at a manageable level it is surely time to begin a programme of public works which would do more for industry and unemployment than any amount of help for ailing companies or grants for training.

Prospects

Whilst the UK profits should remain at least stable we are nevertheless much dependent upon our overseas subsidiaries and until the USA and South African economies revive it is difficult to look for too much improvement in group profits for 1983.

Board

During the year we were fortunate in being able to secure the services of Mr EJ Pountain, Chief Executive and Deputy Chairman of Tarmac PLC, who joined the Board as a non-executive director where his contribution will be most valuable.

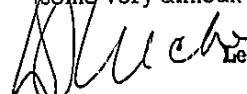
At the time of the acquisition of Ductile Steels plc, Mr R Sidaway, Chairman of Ductile, agreed to join us on the Board of Glynwed, thereby making himself available during the initial period of integration of Ductile into Glynwed.

During 1983 the various activities of Ductile will be allocated into the appropriate Glynwed divisions, and therefore Mr Sidaway has decided not to stand for election at the Annual General Meeting this year.

We are indeed grateful for his help and advice during the inevitable difficulties of merging different companies, and it is appropriate that I should also pay tribute to all he has done for Ductile and, indeed, the whole of the private sector of the British steel industry over a period of almost 50 years.

Acknowledgements

On behalf of my colleagues I am happy to record our appreciation of the efforts of all our employees both in the UK and Overseas during 1982. We are indeed grateful for their continuing contribution to the success of the Group through some very difficult years.

 Leslie Fletcher Chairman

Summary of Comparative Figures

Trading results

	1982 £007	1981 £000	1980 £000	1979 £000	1978 £000
Turnover	444,301	368,057	356,169	345,521	316,437
Trading profit	23,751	24,779	22,062	23,296	19,978
Share of profits/(losses) of associated companies	(16)	157	134	80	—
Interest charges	(10,002)	(5,704)	(6,068)	(4,701)	(3,898)
Group profit before taxation	13,733	19,232	16,128	18,675	16,080
Taxation	2,257	5,722	4,255	5,536	4,334
Group profit after taxation	11,476	13,510	11,873	13,139	11,746
Minority interests	595	1,344	1,217	452	91
Extraordinary items	3,530	—	2,249	1,534	727
Preference dividends	70	70	70	70	70
Ordinary dividends	6,153	4,799	4,798	5,974	5,973
Profit retained	1,128	7,297	3,539	5,109	4,885

Assets employed

Fixed assets	96,875	75,708	43,638	41,996	36,552
Investments	3,652	1,002	1,377	1,390	1,118
Stocks and work in progress	96,750	87,931	77,868	80,419	66,486
Debtors less creditors	11,044	12,362	10,962	8,412	11,538
Net trading assets	208,321	177,003	133,845	132,217	115,644
Current taxation and proposed dividend	6,885	8,864	9,154	11,335	10,592
Operating assets employed	201,436	168,139	124,691	120,882	105,052
Bank overdrafts and other short term borrowings (net)	26,440	26,268	14,724	15,572	7,801
Total assets employed	174,996	141,871	109,967	105,310	97,251

Financed by

Ordinary shares	20,928	16,325	16,323	16,322	16,320
Reserves	92,463	74,689	52,346	51,765	47,559
Ordinary share capital and reserves	113,391	91,014	68,669	68,087	63,879
Preference shares	1,291	1,291	1,291	1,291	1,291
Total share capital and reserves	114,682	92,305	69,960	69,378	65,170
Medium and long term indebtedness	51,776	40,924	34,018	29,254	24,532
Deferred taxation	1,376	1,719	1,407	3,308	3,867
Minority interests	7,162	6,923	4,582	3,370	3,682
Total funds	174,996	141,871	109,967	105,310	97,251

Statistics

Trading profit to turnover	%	5.3	6.7	6.2	6.7	6.3
Trading profit to operating assets employed	%	11.8	14.7	17.7	19.3	19.0
Turnover to operating assets employed	X	2.2	2.2	2.9	2.9	3.0
Earnings per share — net basis	p	14.6	18.5	16.2	19.3	17.8
Ordinary dividend per share	p	7.3	7.3	7.3	9.1	9.1
Dividend cover	X	1.8	2.5	2.2	2.1	1.9
Interest cover	X	2.4	4.4	3.7	5.0	5.1
Debt/equity ratio	%	64.2	67.7	65.4	61.6	47.0
Net assets per ordinary share	p	135.5	139.4	105.2	104.3	97.9



Glynwed International public limited
company

Executive directors

Sir Leslie Fletcher DSC FCA *Chairman*
G Davies FCA *Deputy Chairman*
and *Group Managing Director*
W Garner
JM Hill
DL Milne CA
FCW Whitehouse

Non executive directors

ID Eccles *Vice-chairman*
Sir Denis Barnes KCB
EJ Pountain
R Sidaway OBE

Secretary

JC Blakeley MA

Auditors

Coopers & Lybrand
Chartered Accountants, Birmingham

Bankers

Midland Bank plc
Lloyds Bank Plc
National Westminster Bank plc
J. Henry Schroder Wagg & Co Limited
Standard Chartered Bank PLC
Barclays Bank PLC

Registrars

Ravenbourne Registration
Services Ltd
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Head Office and Registered Office

Headland House
New Coventry Road
Sheldon, Birmingham B26 3AZ
Telephone: 021-742 2366

Subsidiary operations — principal executive officers

United Kingdom Operations

JM Hill *Chief Executive*
Tubes & Fittings
W Garner *Chief Executive*
Steels
FCW Whitehouse *Chief Executive*
Distribution
T O'Neill *Chief Executive*
Consumer & Building Products
DW Richardson *Chief Executive*
Engineering

Overseas Operations

RG Newby *Managing Director*
Defy Corporation (Pty) Ltd (South Africa)
RV Lawry *President*
Glynwed Inc (USA)

Corporate Services

WP Evans *Director of*
Personnel and Corporate Relations
MPK Beatty *Managing Director*
Glynwed Overseas Ltd

Report of the Directors

The Directors of Glynwed International plc present their annual report, together with the accounts of the company for the 52 weeks ended 25th December 1982. These will be submitted to the members at the annual general meeting to be held at Headland House, New Coventry Road, Sheldon, Birmingham, at 12 noon on Thursday, 26th May 1983.

Economic Background

This was the third consecutive year of slow economic growth world-wide and the poor conditions finally spread to those few countries which had not experienced them in 1981. Restrictive economic policies were followed by almost all governments in the quest for lower inflation, and although interest rates fell during the course of the year, they remained high compared with inflation rates. In response to these policies, output fell and unemployment rose almost everywhere.

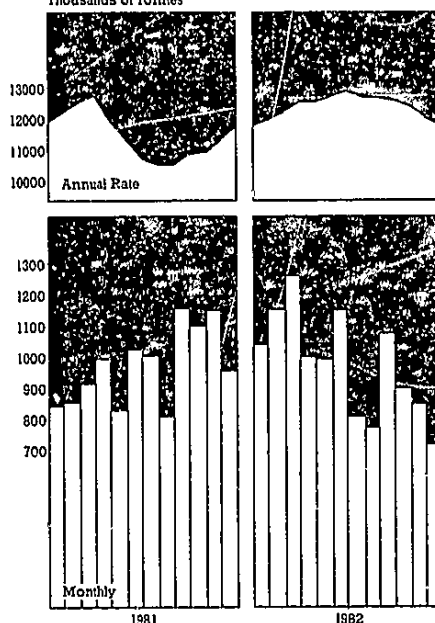
Much of industry, both in the UK and USA, remained in deep recession, with output at its lowest at the end of the year. The slight UK recovery of late 1981 ended in the spring, whilst the already poor USA trends continued throughout 1982. Steel and passenger car statistics in both countries are similar, with improvements in the early months of the year not maintained after the spring.

Expenditure by consumers moved ahead in the autumn, to some extent in the USA but particularly in the UK, as real incomes rose and savings were reduced. Spending rose both on housing and on durable goods, but this was not reflected by output and served only to reduce inventories.

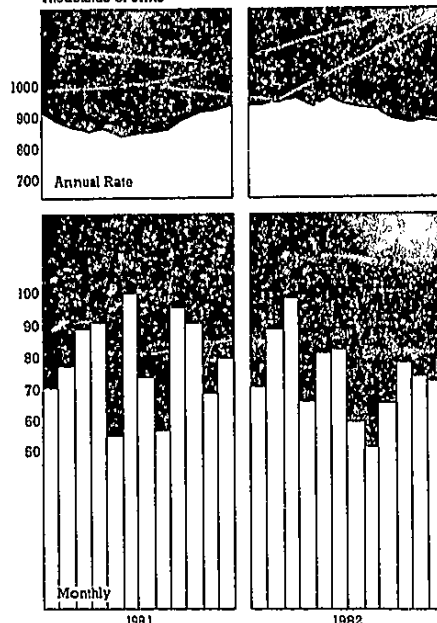
South Africa's economy also performed poorly in contrast to the last three years. Demand for the group's products held up better than other sectors, due in part to large programmes for housing and new electrification projects for the black population.

The business conditions which the group had to contend with in 1982 are summed up by changes in Gross Domestic Product in the group's three main markets: UK +1%, USA -2%, South Africa -1%.

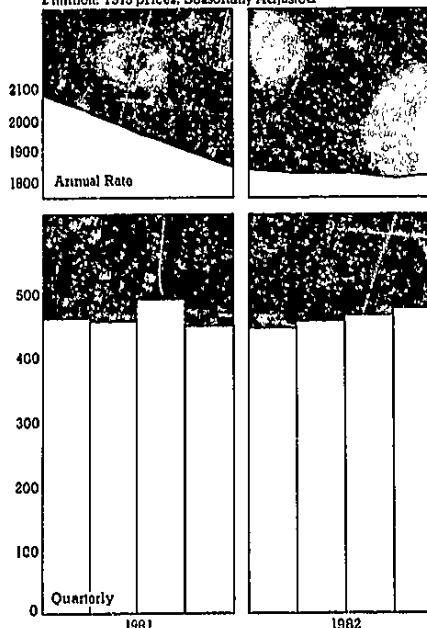
U.K. Not Finished Steel Deliveries
Thousands of Tonnes



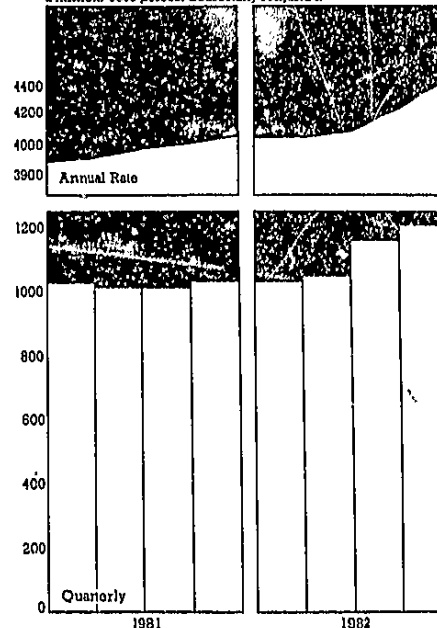
U.K. Passenger Car Production
Thousands of Units



Housing—Expenditure: Repair,
Maintenance and Improvement
£ million: 1975 prices: Seasonally Adjusted



U.K. Consumers' Expenditure—Durable
Household Goods
£ million: 1975 prices: Seasonally Adjusted



Group Results

The group results reported for 1982 are for the 52 weeks ended 25th December, 1982 (1981 52 weeks). The detailed accounts and notes are set out in "The Accounts" section on pages 22 to 40.

In 1982 group sales amounted to **£444.3** million compared with **£368.0** million in 1981, an increase of 20.7%. Sales from the UK operations amounted to **£299.1** million in 1982, compared to **£256.9** million in 1981, an increase of 16.4%. Sales from the overseas operations also increased to **£145.2** million in 1982 from **£111.1** million in 1981, an increase of 30.7%. Direct exports from the UK remained at **£22** million, the same as last year.

The trading profit before interest for the year amounted to **£23.751** million (1981 **£24.779** million) and represented a return on operating assets employed of **11.6%** (1981 **14.7%**). The associated companies produced an overall loss of which the group's share amounted to **£16,000** (1981 a profit of **£157,000**).

Interest charges of **£10.002** million increased by **£4.298** million over the 1981 charge of **£5.704** million.

The group profit before tax was **£13.733** million (1981 **£19.232** million). Turnover and profits by sub-group are shown under "Principal Activities" on page 10. The charge for taxation was **£2.257** million being **16.4%** of the profit after interest. Of this amount **£3.643** million is advance corporation tax not immediately recoverable but which will be available to set off against future corporation tax liabilities.

Group profit after tax and minority interests amounted to **£10.881** million (1981 **£12.166** million). The net charge for the year for extraordinary items was **£3.53** million (1981 nil) after taxation relief of **£2.555** million, and related to termination costs of discontinued activities and permanent reductions in value of investments.

After charging preference and proposed ordinary dividends, profit retained for the year was **£1.128** million (1981 **£7.297** million).

Finance and Working Capital

On page 23 a statement, which forms part of the accounts, sets out the source of the group's funds and how they were applied. The ratio of current assets to current liabilities stood at **1.6**, which is the same as at the 26th December, 1981. Working capital was **£74.469** million (1981 **£65.161** million) representing **42.6%** (1981 **45.9%**) of total assets employed.

The total group borrowings increased by **£11.024** million. Bank overdrafts and short term borrowings less cash, bank balances and short term deposits increased by **£0.172** million; medium and long term indebtedness increased by **£10.852** million. Full details of loan capital and borrowed money are shown

in note 20 on page 35. The debt/equity ratio was **64.2%** (1981 **67.7%**). During the year capital expenditure on fixed assets amounted to **£18.906** million (1981 **£10.578** million). The purchase of businesses for cash amounted to **£8.169** million and this, together with their existing borrowings, accounted for **£9.755** million of the increase in total borrowings.

Operating and financial statistics for the past five years are set out in the "Summary of Comparative Figures" on page 6.

The statement "Source and Distribution of Value Added" is set out on page 21.

Ordinary Dividend

A final dividend of **4.90p** on the ordinary shares, which the annual general meeting will be asked to approve, will be payable on 7th July, 1983. This together with the interim dividend of **2.45p** per share gives a total dividend of **7.35p** per share.

Inflation Accounting

The group consolidated current cost accounts are shown on pages 38 to 40 and conform to the requirements set out in SSAP No. 16 issued by the Accounting Standards Committee.

Report of the Directors

Principal activities

Turnover and profit by sub-group

	Turnover		Profit	
	1982 £000	1981 £000	1982 £000	1981 £000
United Kingdom operations				
Building and consumer products	103,771	106,640	8,411	7,860
Steel and engineering	107,693	72,213	8,034	5,351
Stockholding and distribution	67,859	67,083	1,061	(704)
Other divisions and trading companies	19,802	10,987	176	135
Total UK operations	299,125	256,923	17,682	12,642
Overseas operations				
Household and industrial appliances	100,163	85,577	5,769	9,226
Steel and engineering	45,013	25,557	300	2,911
Total overseas operations	145,176	111,134	6,069	12,137
Total turnover and trading profit	444,301	368,057	23,751	24,779
	1982		1981	
	£000	%	£000	%
Turnover by geographical area				
Southern Africa	101,045	22.8	86,706	23.6
Europe	13,952	3.1	9,638	2.6
Middle East	8,751	2.0	10,674	2.9
Asia and Australasia	2,423	0.5	3,324	0.9
North and South America	40,953	9.2	23,086	6.3
Total overseas	167,124	37.6	133,428	36.3
United Kingdom	277,177	62.4	234,629	63.7
Total turnover	444,301	100.0	368,057	100.0

Exports

Sales value of direct exports from the United Kingdom during the year was **£22 million** (1981 £22 million).

The group is a supplier to many major United Kingdom companies, and our products form a part of their exports.

RE-ORGANISATION OF UNITED KINGDOM OPERATIONS

It was announced on the 17th December 1982 that as a result of recent acquisitions the UK operational structure of the Glynwed International plc group of companies was to be re-organised.

The statement on page 7 of the subsidiary operations and principal executive officers reflects the new UK structure effective in 1983. The reports on the group's activities on pages 11 to 18 relate to the structure which existed in 1982.

BUILDING AND CONSUMER PRODUCTS

Glynwed Tubes & Fittings Ltd

The Wednesbury Tube Company
copper tubes, fittings and microbore heating components

Coventry Tubes Permatube
welded stainless steel and nickel alloy tubes

Vulcathene
chemical waste drainage systems, laboratory fittings, gas electrofusion fittings, injection mouldings and vacuum forming

Nederlandse Autofitting Fabriek BV
chemical waste drainage systems, injection moulding and commercial irrigation fittings

Glynwed Castings and Stampings
non-ferrous and light alloy founders, machinists, stampers and foundry plant manufacturers

Glynwed Plant
plant and toolmakers

Glynwed Tubes & Fittings Ltd showed an improvement on 1981 trading results despite fierce competition from both home and overseas producers. Volumes were maintained across the company's range of products but at the expense of margins.

During 1982 the division reduced product costs in all areas and the resultant benefits were reflected in the year's results.

There was an increased demand for copper tube and fittings in the latter part of the year as a result of a higher level of activity in the building, heating and home improvement sectors. Copper prices remained relatively stable during the year, opening at £870 per tonne and closing at just over £900 per tonne.

The benefits of rationalisation in the division's non-ferrous foundry capacity will be fully reflected in the 1983 results.

Improved results from our plastics interests were, to some extent, influenced by the successful launching of new products for the gas and water industries.

Further capital investment in stainless steel tube production will lead to an increased product range and lower unit costs.

BUILDING AND CONSUMER PRODUCTS

Glynwed Bathroom & Kitchen Products Ltd

Vogue Bathrooms
cast iron and glass fibre baths, vanity basins and shower trays

Leisure
kitchen sinks, vanity basins and shower cubicles

During the first half of 1982, demand for Vogue cast iron products stabilised and confirmed the effectiveness of improved marketing activity.

Further redundancies, however, were necessary but full-time working was resumed in September following a long period of four-day week working.

From September demand improved, due in part to the receivership of Vogue's principal competitor, and by further reinforcement of the marketing effort.

Late in 1982, newly-designed porcelain enamelled cast iron shower trays and vanity basins were launched, which have been designed to co-ordinate with the Vogue Warwick bath. These products have met with a favourable reaction from the trade.

In export markets, Vogue maintained total volume in the face of severe competition, and achieved important orders from the Middle East and, for the first time, from Australia.

In a difficult market where margins were tight, Leisure increased market share and took steps to reverse the trend of imported products. This was achieved as a result of investment 18 months ago in new product ranges and semi-automatic plant. The new products repositioned Leisure's name at the forefront of the industry, and the company is now regarded as UK market leader. Exports increased by 300%.

BUILDING AND CONSUMER PRODUCTS

Glynwed Appliances Ltd

Aga-Rayburn

Aga and Rayburn cookers, domestic and commercial boilers, room heaters and open fires

Falcon Catering

catering equipment

Flavel-Leisure

Flavel gas cookers and fires,
Leisure gas cookers and fires

After several years of reconstruction of the manufacturing base all units within the Division concentrated upon sales during 1982.

Flavel-Leisure continued to take advantage of their product development and, with much increased commonality of components, were able to introduce several new products, which were favourably received. The "Sable" cooker continued to be sold in volume; the "Warwick", introduced into selected areas, was immediately accepted by the public. Sales continued to develop in export markets. Good business was developed in Eire, but sales were poor in Nigeria due to the economic circumstances in that country.

Aga-Rayburn heating appliances gained further market share aided by the availability of new products. It was in the market for cookers, however, that most gains were made, with the Rayburn Supreme cooker an instant success when introduced at mid-year. An excellent cooker, which also supplies hot water for domestic and central heating purposes, the Supreme is also a most attractive looking appliance. Sales are ahead of expectations in the solid fuel version with gas and oil models still to come.

Nothing dramatic happened in product terms at Falcon Catering whose next big showcase is Hotelympia 1984, and an intensive development programme continues with this date in mind. However, sales of present product ranges did very well during the year with the home market making up for lack of business in exports — again Nigeria was the main area of shortfall, although the oil-producing countries generally were less active in the market than in previous years.

On the manufacturing front divisional companies took advantage of modern technology in terms of robotics, and computer assisted design and manufacturing systems. Government assistance has been sought where relevant and support, both technical and financial, has been forthcoming during the year from the Department of Industry.

BUILDING AND CONSUMER PRODUCTS

Glynwed Integrated Services Ltd

Steelway

steel flooring, steel stairways
steel hand rails, steel fabrications

Steelfab Pipes & Vessels

fabrication of pipework
pressure vessels and boilers

Dalcon Joinery

contract joinery, building services

Exactoform

manipulation and forming of stainless and alloy steel sheet

With the exception of Steelway, the performance of this Division in 1982 was very poor. As a result the Division has ceased to operate and, where appropriate, businesses have been taken into other Glynwed Divisions.

STEEL AND ENGINEERING

Glynwed Steels Ltd

George Gadd & Co

re-rollers of hot rolled steel, carbon and alloys

W Wesson

hot rolled steel strip, cold rolled flats, bright drawn steel bars, rods and flats

Steel Parts

bright drawn steel bars and rods, hot forgings, general press work

Joseph Gillott & Sons

re-rollers of hot rolled steel, carbon and alloys

Stourbridge Rolling Mills

cold rolled strip

The performance of Glynwed Steels' companies in poor market conditions was impressive. The first half of 1982 was encouraging, with signs that demand was improving. However, in the latter half, particularly in November and December, market conditions deteriorated again and margins were under considerable pressure. Imports, coupled with the strength of sterling, meant that many competitors incurred losses and some closed down, notably Round Oak and London Steel Works.

The three prime activities of the company — hot re-rolling, cold rolling and bright drawing — produced good results, although volume orders in all areas were virtually non-existent. The

attractiveness of the division's small plants in poor market conditions underlined the benefits of the various companies' flexibility of production.

Exports proved very difficult to achieve due in part to international over-capacity. Small tonnages, however, were sold to Japan, the USA, Canada and Mexico.

During the year production facilities at George Gadd & Co were improved by the development of the company's 14" mill furnace and work was started on the installation of larger rolling mill stands. At W Wesson improvements included the installation of modern mechanical handling equipment.

STEEL AND ENGINEERING

Glynwed Screws & Fastenings Ltd

Glynwed Fastenings

high tensile bolts, paint clearing screws
pre-assembled screw and washer units
self-locking and prevailing torque bolts

Yarwood Ingram & Co

bright and high tensile studs and 'U' bolts

Wask Engineering

steel and malleable iron pipe fittings
malleable iron castings

Tower Manufacturing

semi tubular rivets
masonry nails and cable clips

Paul Fabrications

precision welding and fabrication of sheet metal
for high technology industries

Cooper & Turner

high strength friction grip bolts, load indicator
washers, rivets, split collar pins, railway, mining
and construction bolts, standard and high tensile
bolts and nuts

James H Smith

bolts and non-standard fasteners for the railway,
coal, scaffolding and heavy plant industries

La Dauphinoise SA

fastenings, eyelets, rivets, push button fastenings

Divisional sales in 1982 were 10% less than forecast primarily due to fierce competition in the automotive sector and the adverse effect on Paul Fabrications of the substantial downturn in demand in the aerospace markets.

Wask Engineering was awarded a contract for the Middle East worth about £4 million and its year's trading was better than for some time.

Cooper & Turner, despite competition from cheap imports, maintained its market share, as did James H Smith. Continuous fine tuning of these companies brought about slight trading improvements compared with 1981.

Glynwed Fastenings also kept its market share despite fierce European competition. Yarwood Ingram suffered a significant downturn in demand for its products, due primarily to customer design change from studs to bolts. With the automotive industry continuing to be depressed, this had a significant effect on its trading results.

Paul Fabrications made progress on product development in an endeavour to overcome lack of demand from the aerospace industry. Tower Manufacturing extended its product base to include some additional electrical components with the result that trading compared favourably with 1981.

La Dauphinoise SA in France had a marginally better year than in 1981 and an improvement in sales generated a slight trading profit, but high inflation and interest rates had a negative effect on cash.

Direct exports of 12% of sales, made a valuable contribution to the division's turnover.

The year as a whole was almost identical to 1981 with marginal increases in both sales and trading profit but the profile of the year's activities indicated a better first than second half confirming a hardening of the recession both in the UK and Western Europe.

STEEL AND ENGINEERING

Glynwed Foundries Ltd

Building Products Division

Sinclair Works

cast iron gutters, rainwater and drainage pipes and fittings

Automotive & Engineering Castings Division

The Coalbrookdale Company

engineering castings, automotive castings,
decorative castings, wood and coal burning stoves

Skipton Works

mechanite engineering castings, weightlifting
equipment

The benefits of concentrating production of building products on one site were shown in the year's performance which was at a similarly high level to that of 1981 despite the generally low level of demand from the building industry.

An improved service to customers coupled with success of the Timesaver soil and drain systems helped the company attain a greater share of the available drainage market.

The proportion of exports to total sales, however, fell during the year from about 30% to below 15% as certain major overseas contracts were completed.

Due to the continued downturn in demand in the company's traditional engineering sector, the Automotive and Engineering Castings division introduced new products in 1982 and widened its export horizons. Boiler model versions of the Coalbrookdale range of stoves were launched on to the market and new export opportunities were exploited. Almost 60% of Coalbrookdale domestic products were sold outside the UK.

Although the sale of Coalbrookdale products trebled in what was only their second year of production, the level attained was only sufficient to compensate for the negative effects produced by a lack of demand from the engineering sector.

STOCKHOLDING AND DISTRIBUTION

Glynwed Steel Stockholding Ltd

Cashmores

stockholders of stainless steels, scrap merchants
and machine tool dealers

Macreadys

stockholders of carbon and alloy bars in bright and
hot rolled steel

Frank Stacey

stockholders of stainless steel products

During the year the General Steels business was sold and the stockholding activities were concentrated on stainless, carbon and alloy steels.

The improvement referred to last year continued in the stockholding units, which were profitable in 1982.

The ferrous scrap industry suffered both from reduced steelmaking in the UK and from the fall in prices throughout the year, but the non-ferrous part of the business continued to trade profitably.

Machine tool dealing was difficult throughout the year and there was no indication of an improvement.

STOCKHOLDING AND DISTRIBUTION

Glynwed Distribution Ltd

MBS Distribution
distributors of fastenings, bearings,
chains, sprockets and adhesives

MBS Tools
stockists of engineers tools

MBS Airmasters
stockists of air compressors and air tools

Thames Bank Iron Co
Thames Flow products and stockists of builders'
castings and plumbers' requirements

MBS Oddbolt
stockists of specialist fastenings

During 1982 the Division continued its programme of considerable re-structuring which culminated in September with the official opening by Sir Campbell Fraser, President of the CBI, of its new distribution centre in Birmingham.

Overall, however, 1982 was a difficult year for the Division's distribution activities, particularly in the engineering sector which was severely affected by the recession.

There has been a fundamental re-appraisal of the fastenings and bearings operations particularly with regard to the levels of stock that should be held and this in turn has resulted in a change in accounting policy for stock valuation. The re-structuring of the Division is now complete and the new warehouse fully operational.

Thames Bank Iron Co had a record trading year, and will derive further benefits from the installation of new computer control systems.

STOCKHOLDING AND DISTRIBUTION

Glynwed Wholesale Chemists Ltd

Rudge Roberts

Fylde Laboratories
wholesale supplies to retail chemists

Overall demand within the industry held up reasonably well during 1982, but the wholesale sector continued to feel the effects of high levels of discount. The result of the lower profit margins experienced over the past four years was reflected in the closure by competitors during the year of a further ten wholesale outlets nationally.

Despite this environment, Rudge Roberts and Fylde Laboratories both traded profitably, and showed gains in both sales and profits. During 1982 Fylde Laboratories benefited from the closure of two competitors within its delivery area and the operation fully utilised the additional space available in its larger premises.

OTHER DIVISIONS AND TRADING COMPANIES

Glynwed Plastics Ltd

J Burns
component manufacturers to the automotive, building, engineering and general manufacturing industries
railway joint and joint insulation systems
machined components in plastics, fibre and wood laminates etc., to the engineering, electrical, building, automotive and general manufacturing industries
suppliers of specialist plastic, fibre and laminates to industry in general; high frequency welders of parts for the automotive, medical supply and general manufacturing industries

Certex Ltd
uPVC window frame, door and profile extruders, fabricators and installers

Townsend Rubber Products
manufacturers of precision rubber mouldings, bonded assemblies and rollers in a wide range of rubber polymers

Due to the continuing poor demand in the automotive industry in 1982 and the installation of a new plastic moulding process which was completed at the end of the year, J Burns had a difficult year's trading. All other sectors performed satisfactorily although margins were under constant pressure.

A new window and residential door system was introduced by Certex Ltd towards the end of 1982 and there was an encouraging response from both local authorities and the general public. The company now has systems suitable for all three market sectors — specifier, wholesale and domestic — and, despite the recession, a pattern of growth was discernible.

Townsend Rubber Products maintained a satisfactory performance in 1982 despite a worsening situation in the rubber components industry.

OTHER DIVISIONS AND TRADING COMPANIES

Durapipe International Ltd

Durapipe Ltd
manufacturers and distributors of thermoplastic industrial pipework systems

Ansell, Jones & Co Ltd
lifting tackle manufacturers

Petatek Ltd
tooling, equipment and technology for the thermoplastic industry

An improvement in trading was made by Durapipe Ltd in 1982 compared with 1981 despite lower demand from mid-year onwards. Work continued on the development of four new products which will be launched in 1983. These products will complete the company's range and are expected to increase Durapipe's share of the total market.

Petatek Ltd are responsible for the testing of the new Durapipe products.

Demand for the products of Ansell, Jones & Co Ltd was reasonable during 1982 considering the depressed market conditions, particularly in the engineering sector, both at home and overseas.

OTHER DIVISIONS AND TRADING COMPANIES

Ductile Steels Limited

Steel Division
steel strip, steel bars, flats and sections, pickling and slitting, electro-galvanised steel strip, light sections and perforated strip

Stockholding Division
wide strip and sheet

Tube Division
steel tubes, pipe fittings, steel tube stockholding, steel tube manipulation, fencing systems

Engineering Division
power presses and specialised machinery, steel forgings, grey iron castings, tube and section manipulating machinery, machine tool hire

The Ductile Steels group of companies was acquired on 30th June 1982. The group is based in the West Midlands as are the main UK operating divisions of Glynwed International plc. The main operating companies of the Ductile Steels group and their principal activities are complementary to those of Glynwed International plc and are in hot and cold steel re-rolling carried on by Ductile Cold Mill Ltd, Ductile Hot Mill Ltd and Dudley Port Rolling Mills Ltd; steel stockholding carried on by Ductile Steel Stockists Ltd; manufacture of steel tube and pipe fittings and tube stockholding carried on by Monmore Tubes Ltd, Newmans Tubes Ltd, Tipper Bros (Tubes) Ltd and Tipper Bros (Fittings) Ltd, and the manufacture of power presses and specialised

machinery carried on by Ductile Engineering Ltd.

In the half year to December 1982 market conditions deteriorated with the result that margins came under severe pressure. However a reasonable profit was achieved and a favourable cash flow maintained.

SOUTH AFRICA

Defy Corporation (Pty) Ltd

manufacturer and/or distributor of electric and solid fuel stoves, microwave ovens, refrigerators, washing machines, dishwashers, tumble dryers, cast iron and steel baths, room and central air conditioning (Major brand names: Defy, General Electric, Hotpoint, Armana)

The decline in the South African economy, which started in the last quarter of 1981, gathered pace in 1982 and there was a decline in the gross domestic product of 1% compared with a growth of 5% in 1981. The combined effects of high interest rates, a sharply depreciating exchange rate, increased import tariffs and a high inflation rate caused consumer spending to slow significantly in the second half of the year.

Defy's turnover increased by 12% which in real terms represented no growth.

The company maintained its high market share in electric stoves and other major appliances. Factory rearrangements and installations of new machines at the Durban factory were successfully completed on time with very little disruption to production. This factory is now capable of meeting the production and quality requirements of the market for a number of years to come.

During the year the old refrigerator factory was closed, after producing sufficient stocks for current market requirements and to cover the commissioning and the run up period for a new refrigerator factory. This new factory, built for the production of a technologically advanced range of refrigerators under a licence agreement signed with Zanussi Spa of Italy, is now in operation. The appearance and quality of the new models will ensure that Defy has a

strong position in what is considered to be a high growth market.

During 1982 the company's small electric appliance business was disposed of to another large South African distributor to create the largest business of this type in South Africa. Defy retain a minority interest in the venture.

During the year work started on the installation of an electric melt furnace in the Building and Iron Products Division and the equipment will be commissioned during April 1983. This investment will help to improve the quality of the products, give greater flexibility in production and substantially reduce costs.

The Air Conditioning Division had a successful year in both room and central air conditioning systems. A franchise agreement for central air conditioning equipment has been negotiated with Hitachi of Japan which will lead to increased turnover in this sector of the market.

A new Kitchen Cabinet Division was launched successfully in October and benefits should begin to show in 1983.

On the Industrial Relations front, 1982 was an active year involving much time and effort. Agreements have been reached with the Trades Unions at Durban and at Johannesburg, and excellent relationships have been established.

Report of the Directors

UNITED STATES OF AMERICA

The Breman Steel Co Inc **Glynwed Metal Industries**

stockholders of general steels
designers and fabricators of steel frameworks

Due to the recession in the United States which was especially bad in the steel industry, the company was forced to liquidate inventories at unprofitable levels, shut down two plants, and reduce total employees by 25%. This resulted in a substantial reduction in the capital employed but the cash generated by this reduction was absorbed by trading losses and closure costs. It is felt by management that there will only be a slow recovery.

Cooper & Turner Inc

stockists of load indicator washers, wood and coal burning stoves

Total sales at Cooper & Turner Inc increased by about 50%, a major contribution being made by the Coalbrookdale range of wood and coal burning stoves for which an expanded network of dealers was set up. The complete range of stoves was approved by the Underwriters Laboratories which enabled them to be sold in all of the States and Canada.

Sales of load indicator washers rose by over 40%.

Enfield Industrial Corp

stockists of chemical waste drainage systems and industrial pressure piping systems

This was Enfield Industrial Corp's first full year of trading since becoming a wholly owned subsidiary, and it traded profitably in accordance with expectations. In April the company opened a new centre in Atlanta for the distribution of industrial pressure piping systems, a new development which is proceeding satisfactorily.

The Pandjiris Weldment Company

designers and manufacturers of automatic welding positioner systems

The year saw a sharp fall in the markets served by the capital equipment and machine tool industries. Pandjiris fared better than most, but both sales and profits were adversely affected by the reduced demand for capital goods, and there was a corresponding reduction in the number of personnel employed by the company.

Several new products were introduced during the year, including a robotics capability positioner which was well received in the industry.

The company's manufacturing and warehouse facilities were re-organised and improved in late 1982 and new production procedures were introduced.

Plastimatic Inc

injection moulding of thermoplastic and thermosetting materials

During the year the company's Plastock range of products was introduced into the UK for the first time and there was a favourable response from the industries into which the products will be marketed.

New plant and equipment was introduced during the year which helped improve productivity and quality.

Automation Service Equipment Inc

design, manufacture and installation of totally automated material handling systems

Automation Service Equipment Inc was acquired in June, 1982 and traded profitably from the time of purchase in accordance with expectations. The company is located in Warren, Michigan, and operates two plants totalling 39,000sq ft with an 8,000 sq ft extension currently being added to one of the plants.

ASE is principally involved with the automobile industry through the design, manufacture and installation of totally automated material handling systems for medium to high volume production requirements, the storage of parts between machine operations and the interfacing necessary to satisfy machine production capabilities.

Slocomb Plastic Pipe and Products Inc

manufacture of ABS piping products for the building industry

Sales in 1982 were severely affected due to the depressed housing market which realised only one million housing starts, about 50% of the 1981 starts. This, together with severe competition for the cheaper PVC products, yielded very low gross margins for the company.

Slocomb achieved a holding position throughout 1982, although work started on the development of an engineered extrusions division to capitalise on a unique capability, large bore high impact tubular extrusion.

AUSTRALIA

Glynwed Australia Pty Ltd

stockists of group consumer products

The world recession began to affect Australia in 1982, resulting in a negative growth rate, and worsening unemployment.

Against this background, demand for solid fuel fired appliances was strong, as increasing costs of alternative fuels induced consumers in rural communities to use a 'free' source of energy — wood.

In 1982, Glynwed Australia Pty Ltd more than trebled its previous record profit level since its formation in 1969. This was achieved by importing and distributing record numbers of Aga, Rayburn and Defy solid fuel appliances through its retail network covering each state of Australia and the Pacific Islands. The introduction of the Glynwed Foundries' Coalbrookdale range of stoves gave the company its first suitable wood burners, which were well received by Australian consumers.

CORPORATE SERVICES

Personnel and Corporate Relations

The continuing difficult trading conditions resulted in further reductions in numbers employed, in the United Kingdom by 6% (if the Ductile Steels plc acquisition is excluded), the United States by 13% and South Africa by 5%. Four trading companies in the United Kingdom worked short-time throughout the year and a further two companies for part of the year. 790 employees were involved and assistance was obtained from the Government's Short-time Working Compensation Scheme. The number employed in the United Kingdom, however, increased by 8% as a result of the acquisition of Ductile Steels plc in June 1982. Overseas employees accounted for 34% of the total employed at 25th December 1982, compared with 37% at 26th December 1981.

Industrial Relations remained stable throughout the year. There was only one dispute in one of the trading companies which resulted in a 5 day stoppage of work.

Support continued to be given wherever possible to the Government's Youth Opportunities Programme by providing six month Work Experience places for young people. 104 schemes were approved during 1982 by the Manpower Services Commission, 120 young people were trained and 18 were employed following completion of their training.

44 scholarship awards, of which 25 were new awards, were made by the independent selection committee of the Glynwed Educational Scholarship Scheme. Four award holders graduated from universities and two obtained diplomas.

Significant improvements were made in the benefits of the Glynwed Group (1970) Pension and Assurance Scheme and the 1974 Pension Scheme. Pensions in the course of payment were substantially increased from 1st May 1982 over and above the 3% annual increase guaranteed by the schemes. In addition, ill health, early retirement and widows' death in service pensions were improved. From 1st October 1982 existing members of the Glynwed Group 1974 Pension Scheme were given the opportunity of improved benefits for future pensionable service in return for additional personal contributions. Over 50% of the members took advantage of the opportunity.

All applications for employment from disabled persons were given appropriate consideration and those recruited received training, career development and promotion as their case warranted. Special attention was given to the needs of any individuals who became disabled whilst in employment, including re-deployment if that was necessary and practicable.

Glynwed Overseas Ltd

There was expansion in general trading activities in products broadly complementary to group products, export opportunities for which the company continued to develop in 1982.

The Middle East was again the company's most important market area, and because of the economic situation in Nigeria which made trading difficult, attention was concentrated on other markets in Africa.

Glynwed Properties Ltd

Glynwed Property Developments Ltd

Glynwed Properties Ltd owns and manages the Group's land and buildings in the UK which are occupied by group companies and various other tenants.

During 1982 several construction projects were completed on behalf of group companies including a major warehouse and office development for Glynwed Distribution Ltd; a work-in-progress store at Leamington Spa (Warwickshire) and refurbishment of offices and production facilities at Larbert (Stirlingshire) for Glynwed Appliances Ltd; and a new production bay at Wednesbury (West Midlands) for Glynwed Tubes & Fittings Ltd.

Land reclamation of the 18-acre development site in the Dudley Enterprise Zone continued and the construction of 89,000sq ft of industrial and warehouse units which formed the first phase was completed. This development was officially opened by the Rt Hon Tom King, MP in October, two years to the day after it was announced in Parliament that Dudley would receive Enterprise Zone status.

Eagle Industrial Estate, at Great Bridge (West Midlands) was formed by dividing and refurbishing a large industrial unit. This estate includes a range of units with floor areas from 2,000 to 20,000sq ft, many of which are offered complete with cranes and other fittings.

Work on preparing a 26-acre site at the Express Trading Estate, Farnworth, near Bolton, for development was almost completed during the year by Glynwed Property Developments Ltd and a contract placed for extending the estate roadway and service system.

Capital of the company

Issues of share capital

Allotments of ordinary shares were made during the year:

- (a) under the company's offer dated 4th June 1982 to acquire all of the issued share capital of Ductile Steels plc; and,
- (b) to certain holders of the company's 6% convertible unsecured loan stock in response to elections made on 30th September 1982 in respect of the conversion rights attaching to such stock.

See Notes 17 and 20 on the Accounts, on pages 33 and 35.

Share option scheme

No options have been granted under the scheme since its approval in May 1973.

Share Allotment Authorisation

Resolutions will be proposed at the Annual General Meeting to renew, until the next following Annual General Meeting, the authority and power granted to the Board at the Extraordinary General Meeting held on 30th June, 1982 to allot new securities under sections 14 and 18 of the Companies Act, 1980.

Shareholders

At 25th December 1982, ordinary shareholders totalled 15,274 (1981—14,569) and these are analysed below:

Number of shares	% of shareholders	% of shares in issue
1—2,000	85.98	10.01
2,001—5,000	9.23	5.19
5,001—50,000	3.52	9.04
50,001—250,000	0.86	20.52
Over 250,000	0.41	55.24
	100.00	100.00

Notification has been received from Britannic Assurance Public Limited Company, under section 63 of the Companies Act, 1981, that it is interested in 4,220,000 ordinary shares (being 5.05% of the issued ordinary capital) of the company.

Directors

The members of your board at the date of this report are listed on page 7.

In accordance with the articles of association Sir Leslie Fletcher and Mr JM Hill retire by rotation and being eligible offer themselves for re-election. Mr EJ Pountain, having been appointed a director by the board during the year, retires and being eligible offers himself for election. Mr R Sidaway, who joined the board on 29th July 1982 by appointment following the acquisition of Ductile Steels plc, does not seek election at the Annual General Meeting.

Sir Leslie Fletcher has a service contract with the company expiring on 14th October 1984, and Mr JM Hill one expiring on 31st March 1984. Mr EJ Pountain does not have a service contract with the company.

Directors' interests

The interests of the directors of the company at 25th December 1982 according to the register kept under Section 29 of the Companies Act 1967 were:

		25th December 1982		27th December 1981†	
		Sole beneficial owner	Family and other interests*	Sole beneficial owner	Family and other interests*
Ordinary shares of 25p each fully paid	Sir Leslie Fletcher	6,000	312	6,000	312
	G Davies	1,250	—	1,250	—
	W Garner	4,687	312	4,687	312
	JM Hill	2,047	—	2,047	—
	DL Milne	—	—	—	—
	FCW Whitehouse	40,521	—	40,521	—
	JD Eccles	10,000	—	10,000	—
	Sir Denis Barnes	1,000	—	1,000	—
	EJ Pountain	1,250	—	—	—
	R Sidaway	109,146	20,000	109,146	40,881

*Including non-beneficial trustee holdings
†Or date of subsequent appointment

The company has not been notified of any change in the above holdings since 25th December 1982.

The directors had no interests in any contract with group companies with the exception of service contracts.

Report of the Directors

Fixed assets

The movements of fixed assets are set out on page 31 and include £11.033 million (net) arising from the acquisition of new businesses. The directors are of the opinion that the vacant possession open market value of freehold and leasehold land and buildings at 25th December 1982 would not be materially different from the amount at which they are included in the Balance Sheet.

Finance Act 1965 and capital gains tax

The official price of Glynwed International public limited company ordinary shares on 6th April 1965, adjusted for the rights issue made in 1976, was 135½p.

Employees

In the United Kingdom the group, excluding the Ductile companies, has employed an average of 9,576 persons each week in the year. The aggregate gross remuneration paid or payable to them was £58.657 million (1981—£55.832 million) for the year. Since acquisition the Ductile companies have employed an average of 1,397 persons each week: the aggregate gross remuneration paid or payable to them was £4.126 million.

Average number of employees	1982	1981
United Kingdom (excluding Ductile)	9,576	10,505
Ductile	1,397	—
Total United Kingdom	10,973	10,505
Overseas	5,681	5,569
	16,654	16,074

South Africa— EEC Code of Conduct

A report has been made to the Department of Trade on Defy Corporation (Pty) Ltd., in accordance with the requirements of the Government White Paper Cmnd 7233, May 1978.

Political and charitable contributions

The group made contributions for the following purposes in 1982:

	£
Charitable	90,717
Educational (universities)	4,778
Political	15,000
	110,495

The whole amount contributed for political purposes was paid to the Conservative Party.

'Close' company

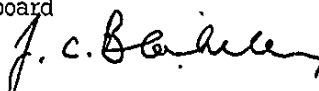
The company is not a 'close' company within the meaning of the Income and Corporation Taxes Act 1970.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board
JC Blakelley
Secretary

Birmingham
30th March 1983



Source and Distribution of Value Added



For the 52 weeks ended 25th December 1982

	1982 £000	1981 £000
Source of Value Added		
Group sales	444,301	368,057
Cost of materials and services used	(314,623)	(247,328)
Value added by manufacturing and trading operations	129,678	120,729
Investment income	30	98
Total Value Added	129,708	120,427

	£000	%	£000	%
Distribution of Value Added				
Employees — wages, salaries, pension and national insurance contributions and other employee costs	97,516	75.2	89,230	74.1
Taxation — UK and overseas	2,226	1.7	5,664	4.7
Providers of capital				
Interest payable on borrowings	10,002	7.7	5,704	4.8
Dividends to shareholders	6,223	4.8	4,869	4.0
Minority shareholders in subsidiaries	595	0.5	1,344	1.1
Total cost of capital provided	16,820	13.0	11,917	9.9
Re-investment in the business				
Depreciation	8,422	6.5	6,346	5.3
Profit retained	1,194	0.9	7,270	6.0
Total re-invested	9,616	7.4	13,616	11.3
Extraordinary items (net)	3,530	2.7	—	—
Total Value Added	129,708	100.0	120,427	100.0

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Source and Application of Funds



For the 52 weeks ended 25th December 1982	1982 £000	1981 £000
Total net borrowings at 26th December 1981	67,192	48,742
Funds generated:		
Group profit before taxation	13,733	19,232
Depreciation	8,422	6,346
Funds generated from operations	22,155	25,578
Issue of shares*	4,610	17
Movements on reserves and goodwill*	16,283	(2,610)
Total funds generated	43,048	22,985
Application of funds:		
Fixed assets, less disposals*	29,589	18,243
Investments*	2,650	(375)
Working capital:		
Stocks and work in progress*	8,819	12,463
Debtors less creditors*	(1,318)	1,399
Dividends paid	5,321	4,869
Taxation paid*	2,926	4,836
Extraordinary items before taxation	6,085	—
Total funds applied	54,072	41,435
Increase in net borrowings	11,024	18,450
Represented by changes in:		
Net short term indebtedness*	172	11,544
Medium and long term indebtedness	10,852	6,906
	11,024	18,450
Net borrowings at 25th December 1982:		
Bank overdrafts and short term borrowings*	32,581	29,029
Bank and cash balances*	(6,141)	(2,761)
Net short term indebtedness	26,440	26,268
Medium and long term indebtedness	51,776	40,924
Total net borrowings at 25th December 1982	78,216	67,192

*Summary of the effect of the acquisition of new businesses.

	1982 £000	1981 £000
Net assets acquired at date of acquisition		
Stocks and work in progress	11,539	4,921
Debtors	17,925	3,952
Fixed assets	11,033	8,942
Net borrowings	(1,586)	(5,224)
Creditors	(12,099)	(3,142)
Taxation	(2,062)	79
Investment in associated companies	3,187	190
(Surplus)/goodwill arising on acquisition	(15,166)	1,898
Total consideration	12,771	11,616
Discharged by		
Issue of shares	4,602	—
Cash	8,169	11,616
Total consideration	12,771	11,616

Consolidated Profit and Loss Account

For the 52 weeks ended 25th December 1982

Notes

1982
£000

1981
£000

Turnover	1		
Home		277,177	234,629
Overseas (including exports)		167,124	133,428
Total turnover		444,301	368,057

Trading profit	2	23,751	24,779
Share of profits/(losses) of associated companies		(16)	157
Interest charges	4	(10,002)	(5,704)
Group profit before taxation		13,733	19,232
Taxation	5	2,257	5,722
Group profit after taxation		11,476	13,510
Minority interests		595	1,344
Group profit before extraordinary items		10,881	12,166
Extraordinary items	6	3,530	—
Group profit after extraordinary items		7,351	12,166
Preference dividends	7	70	70
Group profit attributable to ordinary shareholders		7,281	12,096
Ordinary dividends	7	6,153	4,799
Profit retained	8	1,128	7,297
Earnings per share — net basis	9	14.58p	18.53p
— nil distribution basis		19.49p	20.62p

Statement of reserves:

Balance at 26th December 1981:

As previously reported		76,224	52,346
Change in accounting policy	10	(1,535)	—
Opening balance as restated		74,689	52,346
Items taken direct to reserves	18	16,646	16,581
Profit retained	8	1,128	7,297
Balance at 25th December 1982		92,463	76,224

Notes on the accounts, pages 27 to 35.

Consolidated Balance Sheet



Assets employed

25th December 1982

Notes

1982
£000

1981
£000

Current assets

Stocks and work in progress	10	96,750	87,931
Debtors, bills receivable and prepayments		98,199	85,698
Bank and cash balances and short term deposits	20	6,141	2,761
Total current assets		201,090	176,390

Current liabilities

Creditors and accrued charges		87,155	73,336
Bank overdrafts and other short term borrowings	20	32,581	29,029
Current taxation	11	2,783	5,664
Proposed dividend		4,102	3,200
Total current liabilities		126,621	111,229

Net current assets

Fixed assets	13	96,875	75,708
Investments	15	3,652	1,002
Total net assets		174,996	141,871

Financed by

Ordinary shares	17	20,928	16,325
Reserves	18	92,463	74,689
Ordinary share capital and reserves		113,391	91,014
Preference shares	17	1,291	1,291
Total share capital and reserves		114,682	92,305
Medium and long term indebtedness	20	51,776	40,924
Deferred taxation	19	1,376	1,719
Minority interests		7,162	6,923
Total funds		174,996	141,871

L. Fletcher
G. Davies

L. Fletcher Chairman

G. Davies Deputy Chairman and Group Managing Director

Notes on the accounts, pages 27 to 35.

Balance Sheet

Assets employed

26th December 1982

Notes

1982
£0001981
£000**Current assets**

Debtors and prepayments

30 480

Bank balances and short term deposits

20 226 956

Total current assets

256 1,436

Current liabilities

Creditors and accrued charges

985 1,383

Bank overdrafts and other short term borrowings

20 47,373 37,342

Current taxation

11 3,207 2,234

Proposed dividend

4,102 3,200

Total current liabilities

55,667 44,159

Net current liabilities

(55,411) (42,723)

Fixed assets

13 45 —

Interest in subsidiaries

12 185,528 156,328

Investments

15 535 35

Advance corporation tax recoverable

1,154 1,839

Total net assets

131,851 115,479

Financed by

Ordinary shares

17 20,928 16,325

Reserves

18 60,876 61,735

Ordinary share capital and reserves

81,804 78,060

Preference shares

17 1,291 1,291

Total share capital and reserves

83,095 79,351

Medium and long term indebtedness

20 48,434 35,888

Deferred taxation

19 322 240

Total funds

131,851 115,479

 L Fletcher Chairman

G Davies Deputy Chairman and Group Managing Director

Notes on the accounts, pages 27 to 35.

1 Accounting policies

The following statements outline the main accounting policies of the group:

Basis of accounting

The historical cost convention is used for the preparation of the accounts with assets generally carried in the balance sheet at or below the cost incurred at their date of acquisition. However, the convention does permit the inclusion in the balance sheet of certain assets at a value in excess of cost and those fixed assets which are included at valuations in excess of original cost are detailed in note 13 on page 31. These accounts have been prepared in compliance with Section 152A of and schedule 8A to the Companies Act 1948.

Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the parent company and all its subsidiaries made up to the end of the financial year. The profit and loss account also includes the results of subsidiaries acquired and sold during the year from or up to their effective date of acquisition or sale. The group's share of the results of material associated companies is included in the profit and loss account and the group's interest is shown in the consolidated balance sheet at cost together with loans and its share of the post acquisition reserves of the associated companies. A company is an associated company if, not being a subsidiary, the group's interest therein is long term and comprises not less than 20% of the equity voting rights, and the group is in a position to exercise a significant influence on the affairs of the company.

Acquisitions

Shares issued as consideration for the acquisition of companies are issued at the value placed on them in the relevant contract or offer document. Where no value is specified they are issued at par.

Net tangible assets acquired are consolidated at a fair value to the group. If net tangible assets acquired exceed the purchase consideration, the difference is deducted from goodwill arising on consolidation. Goodwill arising on consolidation is set against reserves.

Turnover

All sales arising within the group are eliminated on consolidation and turnover comprises external sales excluding value added tax.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Extraordinary items and prior year adjustments

Material profits and losses which derive from transactions outside the ordinary course of business and which are not expected to recur frequently or regularly are treated as extraordinary. Material adjustments arising from changes in accounting policy or the correction of fundamental errors in prior years are treated as prior year adjustments.

Foreign currencies

The accounts of overseas subsidiaries and assets and liabilities in foreign currencies are translated into sterling at the mid-market rates of exchange ruling at the close of the financial year. Differences arising from changes in exchange rates are taken to reserve where they arise on capital items. Exchange differences on revenue transactions are reflected in the profits of the year. Exchange differences on switching currencies on multi-currency loans form part of borrowing costs.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value and full provision has been made for obsolete and slow moving items.

Cost in the case of products manufactured by companies in the group consists of direct material and labour costs and all other expenditure which has been incurred in the normal course of business in bringing those products to their present location and condition.

Notes on the Accounts

1 Accounting policies (continued)

Depreciation

Depreciation is calculated using the straight line method on the gross values of fixed assets as follows:

- (i) Freehold buildings at 2% per annum.
- (ii) Leasehold land and buildings over 50 years or the period of the lease whichever is the less.
- (iii) Plant, equipment and vehicles over a period of from 4 to 10 years according to their estimated working lives.

No depreciation has been charged on freehold land.

Trade investments

Trade investments are included in the balance sheet at cost unless there is considered to be a permanent reduction in their value.

Deferred taxation

Provision is made for deferred taxation at the rates of taxation ruling at the year end. In view of the projected levels of capital investment, the deferred taxation liability is restricted to an amount which, in the opinion of the directors, is likely to become payable in the foreseeable future. Deductions are made for unrelieved advance corporation tax and corporation tax losses recoverable against corporation tax payable on future profits.

2 Trading profit

	1982 £000	1981 £000
This is stated after crediting:		
Income from listed investments	11	57
Interest receivable on property transactions and other sundry interest	—	30
and after charging:		
Depreciation (note 13 on page 31)	8,422	6,346
Hire of plant, equipment and vehicles	2,784	2,495
Emoluments of directors of Glynwed International plc:		
As directors	27	19
As executives	396	354
Augmentation of pension fund	—	91
Compensation for loss of office	—	10
Total directors' emoluments	423	474
Auditors' remuneration:		
Glynwed International plc	71	66
Subsidiaries	553	419
Total auditors' remuneration	624	485

The contribution from Ductile Steels Ltd was £1.629 million for the six months since acquisition.

3 Directors' and employees' emoluments

The emoluments of the chairman and the number of directors whose emoluments fall within the following scales are stated below:

Chairman

1982 £69,771 (1981 £59,584)

Other directors:

£	Number of directors	
	1982	1981
65,001 to 70,000	1	—
50,001 to 65,000	—	1
45,001 to 50,000	1	—
40,001 to 45,000	2	—
35,001 to 40,000	1	1
30,001 to 35,000	—	3
5,001 to 30,000	3	3
Up to 5,000	1	1

The number of other employees in the United Kingdom who received emoluments in excess of £30,000 is as follows:

£	Number of employees	
	1982	1981
35,001 to 40,000	3	—
30,001 to 35,000	1	—

Emoluments, for the purposes of this note, exclude pension contributions.

4 Interest charges

	1982	1981
	£000	£000
Bank overdrafts, bank loans and short term borrowings	9,797	5,872
Other loans repayable after 25th December 1987	837	947
	10,634	6,819
Less interest receivable on bank deposits and loans	580	400
	10,054	6,419
Less exchange gains on multi-currency loans	52	715
Net interest charges	10,002	5,704

5 Taxation

	1982	1981
	£000	£000
On the profit of the year:		
United Kingdom corporation tax at 52%	4,427	2,702
Double taxation relief	(2,263)	(2,077)
Transfer to/(from) deferred taxation	(2,443)	782
Advance corporation tax not immediately recoverable	3,643	1,366
United Kingdom taxation	3,364	2,773
Overseas taxation	(347)	3,398
Associated companies	31	58
Taxation on the profit of the year	3,048	6,226
Previous year adjustments	(791)	(504)
Total taxation	2,257	5,722

The taxation charge has benefited from accelerated capital allowances. It is not expected that all the taxation deferred by these timing differences will be payable in the future and this tax has therefore not been provided. Without the benefit of these allowances, the taxation charge would have been increased by £4.2 million (1981 £0.2 million).

Notes on the Accounts

6 Extraordinary items

	1982 £000	1981 £000
Termination costs of discontinued activities	5,418	—
Permanent reductions in value of investments	667	—
	6,085	—
Less: taxation relief applicable	2,555	—
Extraordinary items after taxation relief	3,530	—

7 Dividends

	1982 £000	1981 £000
Preference dividends 5.425% (formerly 7¼%)	70	70
Ordinary dividends:		
Interim dividend paid of 2.45p per share (1981 2.45p)	2,051	1,599
Proposed final dividend of 4.90p per share (1981 4.90p)	4,102	3,200
Total ordinary dividend of 7.35p per share (1981 7.35p)	6,153	4,799

8 Profit retained

	1982 £000	1981 £000
Glynwed International plc	(1,499)	1,884
Subsidiary companies	2,693	5,386
Associated companies	(66)	27
Total profit retained	1,128	7,297

9 Earnings per share

The calculations of earnings per share are based on the figures set out below and an average of 74,150,000 ordinary shares of 25p each (1981: 65,293,000 shares)

	1982 £000	1981 £000
Group profit after taxation	11,476	13,510
Minority interests	(595)	(1,344)
Preference dividends	(70)	(70)
Net basis	10,811	12,096
Advance corporation tax not immediately recoverable	3,643	1,366
Nil distribution basis	14,454	13,462

10 Stocks and work in progress

	1982 £000	1981 £000
Raw materials and consumable stores	29,108	22,504
Work in progress	14,786	12,382
Finished goods and distribution stocks	52,856	53,045
Total stocks and work in progress	96,750	87,931

Following the reappraisal of the operation of Glynwed Distribution Ltd referred to on page 14, the accounting policy used to determine the net realisable value of part of that company's stocks has been changed. The change in policy has been applied in restating the relevant stocks at 26th December 1981 but it is impracticable to restate stocks at any earlier date.

11 Current taxation

	Group		Glynwed International plc	
	1982 £000	1981 £000	1982 £000	1981 £000
*United Kingdom corporation tax	(282)	(1,260)	558	338
Advance corporation tax	2,649	2,068	2,649	1,896
Total UK current taxation	2,367	808	3,207	2,234
Overseas taxation	416	4,856	—	—
Total current taxation	2,783	5,664	3,207	2,234

*The 1981 comparative figures have been restated to take account of the change in accounting policy referred to in note 10.

12 Interest in subsidiaries

Shares at or below cost
Amounts owing from subsidiaries
Amounts owing to subsidiaries

1982 £000	1981 £000
60,238	57,233
156,231	113,199
(30,941)	(14,104)
185,528	156,328

A list of principal subsidiaries which traded during the year is given on page 27.

13 Fixed assets

	Land and buildings		Plant, equipment and vehicles	1982 Total fixed assets £000	1981 Total fixed assets £000
	Freehold £000	Leasehold Long £000	Short £000		
Group					
Cost and valuation:					
At 26th December 1981	44,811	2,274	1,087	77,291	125,463
Exchange adjustments	1,094	—	11	1,492	2,597
Businesses acquired	5,207	17	60	15,027	20,311
Additions at cost	4,017	4,263	13	10,613	18,906
Disposals	(1,253)	—	—	(5,826)	(7,079)
Surplus/(deficit) on revaluation	—	—	—	(657)	(657)
At 25th December 1982	53,876	6,554	1,171	97,940	159,541
Cost	6,065	4,277	171	95,137	105,650
Professional valuations:					
1982	5,207	3	—	200	5,410
1981	41,065	2,255	1,000	—	44,320
1978 and earlier	370	19	—	36	425
Directors valuations:					
1982	—	—	—	81	81
1970 and earlier	1,169	—	—	2,486	3,655
	53,876	6,554	1,171	97,940	159,541
Accumulated depreciation:					
At 26th December 1981	1,858	2	37	47,858	49,755
Exchange adjustments	5	—	4	710	719
Businesses acquired	—	—	18	9,260	9,278
Provision for the year	743	41	66	7,572	8,422
Disposals	(284)	—	—	(4,712)	(4,996)
Surplus on revaluation	—	—	—	(512)	(512)
At 25th December 1982	2,322	43	125	60,176	62,666
Net book value:					
At 25th December 1982	51,554	6,511	1,046	37,764	96,875
At 26th December 1981	42,953	2,272	1,050	29,433	75,708
Glynwed International plc					
Cost:					
Additions and at 25th December 1982	—	—	—	53	53
Accumulated depreciation:					
Provision for the year and at 25th December 1982	—	—	—	8	8
Net book value:					
At 25th December 1982	—	—	—	45	45

Freehold and leasehold land and buildings owned by Ductile Steels plc at the date of acquisition were valued as at that date by Messrs Edwards Bigwood and Bewlay of Birmingham. The valuation, based on vacant possession open market value of the properties, amounted to £5.210 million, giving a deficit of £1.894 million against book values which has been charged against the capital reserve arising on acquisition.

Valuations of certain plant and equipment in a subsidiary company were carried out during 1982, in part by a firm of chartered surveyors on an open market existing use basis, and in part by the directors on the basis of existing use to the business.

Notes on the Accounts

14 Capital expenditure

Authorised by the board but not contracted for
Contracted for but not provided in the accounts

Total expenditure authorised

Glynwed International plc had no capital commitments (1981: nil).

Group	
1982	1981
£000	£000
1,639	5,478
2,352	5,568
4,001	11,046

15 Investments

	Group		Glynwed International plc	
	1982	1981	1982	1981
	£000	£000	£000	£000
Trade investments:				
Listed equity shares, at or below cost	100	407	100	—
Unlisted equity shares, at or below cost	30	29	25	25
Total trade investments	130	436	125	25
Market value of listed shares	100	189	100	—
Associated companies—unlisted:				
Shares at or below cost	860	468	310	10
Unsecured loans	2631	23	100	—
Share of post-acquisition reserves less exchange adjustments	31	75	—	—
Total associated companies—unlisted	3,522	566	410	10
Total investments	3,652	1,002	535	35

The directors estimate the value of unlisted investments to equate to book value.

The following information is given in respect of the unlisted trade investments and unlisted associated companies, showing the country of registration or incorporation and the group's interest in the issued voting share capital.

Name	Country of registration or incorporation	Total voting capital	% interest held
*European Plumbing Materials Ltd	England	£50,000	50
*Irano British Building Products Ltd	Iran	Rials 1.75m	49
†Dauphinoise Thomson SA	France	Frs 1m	47½
Vulcathene South Africa (Pty) Ltd	South Africa	R32,000	50
†Pipework International Ltd	U.A.E.	Dh 4m	50
†Dura-Wills Pty Ltd	Australia	A\$ 500,000	40
†Technomex Inc	U.S.A.	\$221,000	30
†Orange Julius (Pty) Ltd	South Africa	R1,000	36
Thornton Group Holdings Ltd	England	£700,000	43

*These companies have not been dealt with as associated companies as their figures are not significant to the group.

†Shares held by a subsidiary of Glynwed International plc.



16 Contingent liabilities

The parent company has given a number of guarantees on behalf of subsidiaries; the relevant liabilities are included in the consolidated balance sheet. In addition a subsidiary company has guaranteed the bank borrowings of an associated company which at 25th December 1982 amounted to £979,118.

17 Share capital

	Authorised		Issued	
	No. of shares 000	£000	No. of shares 000	£000
Ordinary shares of 25p each:				
Balance at 26th December 1981	80,000	20,000	65,298	16,325
Increases in authorised share capital*	33,333	8,333		
Issued under the company's offer to acquire all of the issued share capital of Ductile Steels plc			18,411	4,602
Issued to stockholders exercising rights under the 6% convertible unsecured loan stock			3	1
Balance at 25th December 1982	113,333	28,333	83,712	20,928
5.425% Cumulative Preference Shares of £1 each fully paid (formerly 7.4%)	1,291	1,291	1,291	1,291

2,338,200 shares of the unissued ordinary share capital are reserved for issue to the holders of the 6% convertible unsecured loan stock who may exercise their conversion rights.

*The authorised ordinary share capital was increased by 8,785,920 shares (£2,196,480) at an Extraordinary General Meeting held on 27th May 1982, and by 24,547,508 shares (£6,136,877) at an Extraordinary General Meeting held on 30th June 1982.

Notes on the Accounts

18 Reserves

	Share premium £000	Other reserves £000	Goodwill on consoli- dation £000	Total £000
Group				
Balance at 26th December 1981	21,365	72,704	(17,845)	76,224
Change in accounting policy		(1,535)		(1,535)
Opening balance as restated	21,365	71,169	(17,845)	74,689
Premium shares issued	7			7
Movement in goodwill			14,921	14,921
Exchange differences		1,718		1,718
Items taken direct to reserves	7	1,718	14,921	16,646
Profit retained		1,128		1,128
Balance at 25th December 1982	21,372	74,015	(2,924)	92,463
Retained in associated companies		31		31
Available for distribution		49,309		49,309
Not available for distribution	21,372	24,675	(2,924)	43,123
Total reserves	21,372	74,015	(2,924)	92,463
Glynwed International plc				
Balance at 26th December 1981	21,365	40,370		61,735
Premium on shares issued	7			7
Exchange differences		633		633
Loss for year		(1,499)		(1,499)
Balance at 25th December 1982	21,372	39,504		60,876
Available for distribution		38,666		38,666
Not available for distribution	21,372	838		22,210
Total reserves	21,372	39,504		60,876

19 Deferred taxation

The provision made in the accounts for deferred taxation, and the full potential liability, are set out below:

	1982		1981	
	Provision made £000	Full potential liability £000	Provision made £000	Full potential liability £000
Timing differences mainly between tax allowances and depreciation	2,242	17,427	4,218	13,579
Taxation losses carried forward	—	(131)	(951)	(1,088)
Stock appreciation relief	200	200	167	167
Advance corporation tax recoverable	(1,066)	(8,891)	(1,715)	(5,918)
Corporation tax payable if properties were disposed of at revalued amounts	—	5,038	—	3,328
Total deferred taxation provisions	1,376	13,643	1,719	10,068

The deferred taxation in the accounts of Glynwed International plc arises mainly from short-term timing differences.

20 Loan capital and borrowed money

	Group		Glynwed International plc	
	1982 £000	1981 £000	1982 £000	1981 £000
Secured				
<i>Sterling:</i>				
7.5% Debenture Stock 1989/94	2,692	2,837	2,692	2,837
6% Debenture Stock 1979/84 (Ductile Steels Ltd)	275	—	—	—
Other currencies (8.5 to 18.5%)	1,618	2,750	—	—
Total secured loans	4,585	5,587	2,692	2,837
Unsecured				
<i>Sterling:</i>				
10.75% loan stock 1994/99	5,886	5,886	5,886	5,886
6.0% convertible loan stock 1983/85	5,770	5,778	5,770	5,778
10% loan notes 1986	54	71	54	71
Term loans (10.2 to 16.6%)	19,935	14,000	19,935	14,000
Bank overdrafts (9.75 to 15.5%)	6,601	16,010	45,421	36,655
<i>Other currencies:</i>				
Term loans (8.5 to 19.3%)	18,195	11,064	15,908	7,872
Bank overdrafts (8.5 to 20%)	23,331	11,557	141	131
Total unsecured loans	79,772	64,366	93,115	70,393
Total loan capital and borrowed money	84,357	69,953	95,807	73,230
Bank and cash balances and short term deposits	(6,141)	(2,761)	(226)	(956)
Total net borrowings	78,216	67,192	95,581	72,274
Amounts repayable in one year or less or on demand included in current liabilities	32,581	29,029	47,373	37,342
Bank and cash balances and short term deposits	(6,141)	(2,761)	(226)	(956)
Amounts repayable in more than one year shown as long and medium term loans	51,776	40,924	48,434	35,888
Total net borrowings	78,216	67,192	95,581	72,274
<i>Bank borrowings repayable:</i>				
In one year or less or on demand	31,679	28,288	47,373	37,342
Between one and two years	1,864	2,375	1,811	1,111
Between two and five years	19,258	8,448	18,387	7,333
In five years or more	14,009	13,146	13,834	12,872
Total bank borrowings	66,810	52,257	81,405	58,658
<i>Other borrowings repayable:</i>				
In one year or less or on demand	902	741	—	—
Between one and two years	1,020	842	—	—
Between two and five years	6,955	7,197	5,824	5,849
In five years or more	8,670	8,916	8,578	8,723
Total other borrowings	17,547	17,696	14,402	14,572
Total loan capital and borrowed money	84,357	69,953	95,807	73,230

The 7.5% Debenture Stock 1989/94 (including accrued interest) is secured by floating charges on the assets and undertakings of Glynwed International plc and certain of its wholly-owned subsidiaries. The sinking fund requirement has been satisfied to date by the purchase and cancellation of stock.

The 6% Debenture Stock 1979/84 (including accrued interest) is secured by floating charges on the assets and undertakings of Ductile Steels Ltd and certain of its wholly owned subsidiaries. The sinking fund requirement has been satisfied in each year commencing 31st December 1984 by annual redemptions at par of £12,500 of stock.

The convertible unsecured loan stock carries the right, exercisable for the last time in 1983, to convert 246.772p nominal amount of stock into one ordinary share of 25p. The holders of £8,344 loan stock exercised the conversion option at 30th September 1982.

All loan capital, including any unconverted stock, is repayable at par.

Auditors' Report

Auditors' Report to the members of Glynwed International public limited company

We have audited the accounts on pages 23 to 35 and 38 to 40 in accordance with approved Auditing Standards.

In our opinion the accounts on pages 23 to 35, which have been prepared under the historical cost convention as explained in the statement of accounting policies set out on pages 27 and 28, give a true and fair view of the state of affairs of the company and the group at 25th December 1982 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts set out on pages 38 to 40 have been properly prepared, in accordance with the policies and methods described in notes 1 to 7, to give the information required by Statement of Standard Accounting Practice No. 16.

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants
Birmingham

30th March 1983



The following is a list of the company's principal subsidiaries which traded during the year ended 25th December 1982, all of which, unless otherwise stated, are wholly owned.

The capital in each case consists wholly of ordinary shares or common stock (except where otherwise stated).

Registered in England and operating in the United Kingdom

Certex Ltd†
Ductile Steels Ltd and its subsidiaries† (including preference shares)
Durapipe International Ltd and its subsidiaries
Glynwed Bathroom & Kitchen Products Ltd†
Glynwed Distribution Ltd
Glynwed Appliances Ltd†
Glynwed Foundries Ltd†
Glynwed Group Services Ltd
Glynwed Integrated Services Ltd
Glynwed Overseas Ltd
Glynwed Plastics Ltd
Glynwed Properties Ltd
Glynwed Property Developments Ltd
Glynwed Screws & Fastenings Ltd
Glynwed Steels Ltd
Glynwed Steel Stockholding Ltd
Glynwed Tubes & Fittings Ltd
Glynwed Wholesale Chemists Ltd

Incorporated and operating overseas

*Automation Service Equipment Inc (USA)†
*The Breman Steel Co Inc (USA)
*Cooper & Turner Inc (USA)
*Defy Corporation (Pty) Ltd (74% owned) and its subsidiaries (South Africa)†
*Enfield Industrial Corp (USA)
*Glynwed Australia Pty Ltd (Australia)†
Glynwed Eurotrade BV (Holland)†
*La Dauphinoise SA (95% owned) (France)
Nederlandse Autofitting Fabriek BV (Holland)†
*The Pandjiris Weldment Company (USA)
*Plastimatic Inc (USA)
*Slocomb Plastic Pipe and Products Inc (USA)

*Shares held by subsidiaries of Glynwed International plc.

†Companies not audited by Coopers & Lybrand. The aggregate assets of companies not audited by Coopers & Lybrand at 25th December 1982 amounted to 28% of the group assets.

Consolidated Current Cost Profit and Loss Account

For the 52 weeks ended 25th December 1982

	Notes	1982 £000	1981 £000
Turnover			
Home		277,177	234,629
Overseas (including exports)		167,124	133,428
Total turnover		444,301	368,057
Trading profit		23,751	24,779
Current cost adjustments	2	10,438	8,046
Trading profit after current cost adjustments		13,313	16,733
Share of profits/(losses) of associated companies		(16)	157
Interest charges		(10,002)	(5,704)
Less: gearing adjustment	3	3,958	2,905
		(6,034)	(2,799)
Group profit before taxation		7,253	14,091
Taxation		2,257	1,522
Group profit after taxation		5,006	8,369
Minority interests		(140)	840
Group profit before extraordinary items		5,146	7,529
Extraordinary items	6	3,664	—
Group profit after extraordinary items		1,482	7,529
Preference dividends		70	70
Group profit attributable to ordinary shareholders		1,412	7,459
Ordinary dividends		6,153	4,799
Group current cost profit/(loss) retained		(4,741)	2,660
Earnings per share — net basis		6.85p	11.42p
— nil distribution basis		11.76p	13.52p
Statement of reserves			
Balance at 26th December 1981		91,563	87,513
As previously reported		(1,549)	—
Change in accounting policy	7	90,014	87,513
Opening balance as restated		(4,741)	2,660
Current cost profit/(loss) retained		3,698	3,409
Movement on current cost reserve		16,646	(2,019)
Items taken direct to other reserves		105,617	91,563
Balance at 25th December 1982		105,617	91,563

Notes on the current cost accounts, page 40

Consolidated Current Cost Balance Sheet



25th December 1982

Net operating assets

	Notes	1982 £000	1981 £000
Stocks and work in progress	2 & 7	36,784	88,697
Debtors, bills receivable and prepayments		98,199	85,698
Creditors and accrued charges		(87,155)	(73,336)
Net current assets		107,828	101,059
Fixed assets	4	109,811	90,102
Investments		3,652	784
Total net operating assets		221,291	191,945

Shareholders funds

Ordinary shares		20,928	16,325
Current cost reserve	5	47,621	43,923
Other reserves		57,996	46,091
Ordinary share capital and reserves		126,545	106,339
Preference shares		1,291	1,291
Total share capital and reserves		127,836	107,630
Proposed dividend		4,102	3,200
Minority interests		6,978	6,540
Total shareholders' funds		138,916	117,370

Net borrowings

Medium and long term indebtedness		51,776	40,924
Deferred taxation		1,376	1,719
Current taxation		2,783	5,664
Bank overdrafts and other short term borrowings less bank and cash balances		26,440	26,268
Total net borrowings		82,375	74,575
Total funds		221,291	191,945

Notes on the current cost accounts, page 40

Notes on the Consolidated Current Cost Accounts

1 Basis of preparation

The accounts have been prepared in accordance with SSAP No.16 issued by the Accounting Standards Committee. Where appropriate, index numbers used to adjust to current cost values have been taken from the government publication 'Price Index Numbers for Current Cost Accounting'.

2 Current cost adjustments

	1982 £000	1981 £000
Cost of sales adjustment (COSA)	5,116	3,598
Monetary working capital adjustment (MWCA)	1,331	961
Depreciation adjustment	3,991	3,487
Total current cost adjustments	10,438	8,046

a) Stocks and work in progress

Stocks and work in progress shown in the balance sheet have been adjusted to current cost values. The COSA represents the additional cost of replacing stocks throughout the year.

b) Monetary working capital adjustment

The monetary working capital adjustment reflects the amount of additional finance needed for monetary working capital as a result of changes in prices throughout the year.

c) Depreciation adjustment

The depreciation adjustment is the additional charge against revenue required to reflect the impact of price changes on the value of fixed assets consumed throughout the year. For land and buildings the charge is based on asset lives assessed for this purpose by the directors. (see note 4a).

3 Gearing adjustment

The gearing adjustment reflects the benefit to shareholders of finance by borrowings fixed in monetary terms during a period of inflation.

4 Fixed assets

	Gross £000	Depreciation £000	1982 Net £000	1981 Net £000
Land and buildings	64,531	—	64,531	54,243
Plant, equipment and vehicles	203,721	158,441	45,280	35,859
	<u>268,252</u>	<u>158,441</u>	<u>109,811</u>	<u>90,102</u>

Fixed assets have been valued as follows:

a) Land and buildings

Land and buildings are valued on an existing use basis at 25th December 1982 as assessed by the directors.

b) Plant, equipment and vehicles

Plant, equipment and vehicles have been valued at net current replacement cost using index numbers appropriate to the various industry classifications within the group. Historical costs have been used where the plant and equipment have no equivalent replacement cost.

5 Current cost reserve

	1982 £000	1981 £000
Balance at 26th December 1981		
As previously reported	43,937	40,528
Change in accounting policy	(14)	—
Opening balance as restated	<u>43,923</u>	<u>40,528</u>
Revaluation surpluses/(deficit):		
Land and buildings	(2,141)	472
Plant, equipment and vehicles	3,921	1,161
Investments	217	147
Stocks and work in progress	<u>4,338</u>	<u>3,573</u>
	<u>50,238</u>	<u>45,881</u>
Monetary working capital adjustment	1,331	961
Gearing adjustment 38% of £10.438 million (1981 - 36% of £8.046 million)	<u>(3,968)</u>	<u>(2,905)</u>
Balance at 25th December 1982	47,621	43,937
Of which: realised	15,867	9,998
unrealised	<u>31,754</u>	<u>33,939</u>
	<u>47,621</u>	<u>43,937</u>

6 Extraordinary items

The extraordinary items are referred to in note 6 to the accounts on page 30 and have been adjusted to reflect current cost values.

7 Change in accounting policy

The change in accounting policy is referred to in note 10 to the accounts on page 30 and its effect has been adjusted to reflect current cost values.