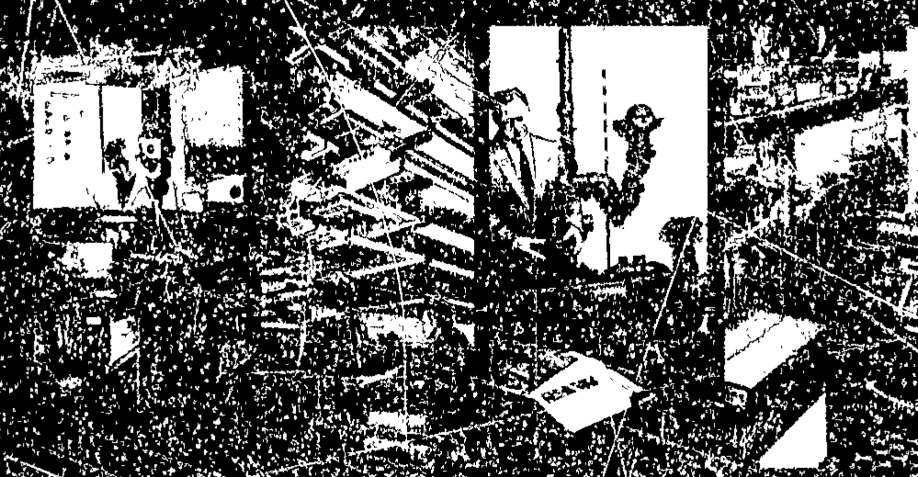
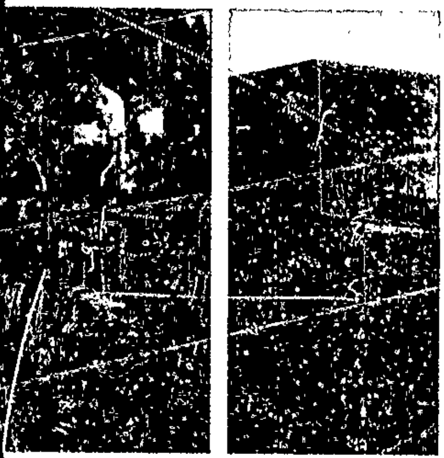
354715.

# Glynwed
## International plc

ANNUAL REPORT
& ACCOUNTS 1991



Glynwed
International plc



Glynwed is a major processor of metals and plastics, providing a vital link between producers of basic materials and manufacturers of countless finished products.

With leading brands of its own, Glynwed also creates quality in finished products for the home and for industry.

Through its distribution of metals and plastics, Glynwed delivers value in specialist materials to a multiplicity of customers worldwide.

**CONTENTS**

# Chairman's Statement

The decline in economic activity, which had been evident in 1990 in the UK and elsewhere, continued throughout 1991 and severely affected the majority of Glynwed's businesses. However, as I indicated in my Interim Statement, the Board felt confident that the group had then withstood the worst and that the steps taken to counteract the effects of the recession would result in an improved performance in the second half.

That is, in effect, what happened. The extensive actions taken to reduce costs and eliminate losses were the main reason for the improved results in the second half of the year and the process has continued since the year-end with, in particular, the taking of steps to concentrate our copper tube operations on to one site.

Turnover at £950 million was 14% down on the previous year. Operating profit at £40.9 million showed a fall of 53% and, after interest of £15.4 million (£17.5 million), pre-tax profits were £25.5 million (£70.3 million) and earnings per share 8.43p (23.38p).

The Board has proposed a final dividend of 7.5p making an unchanged total of 11.65p per ordinary share for the year. This dividend is not fully covered by profits but its proposed payment is a measure of the confidence of the directors in respect of 1992 prospects.

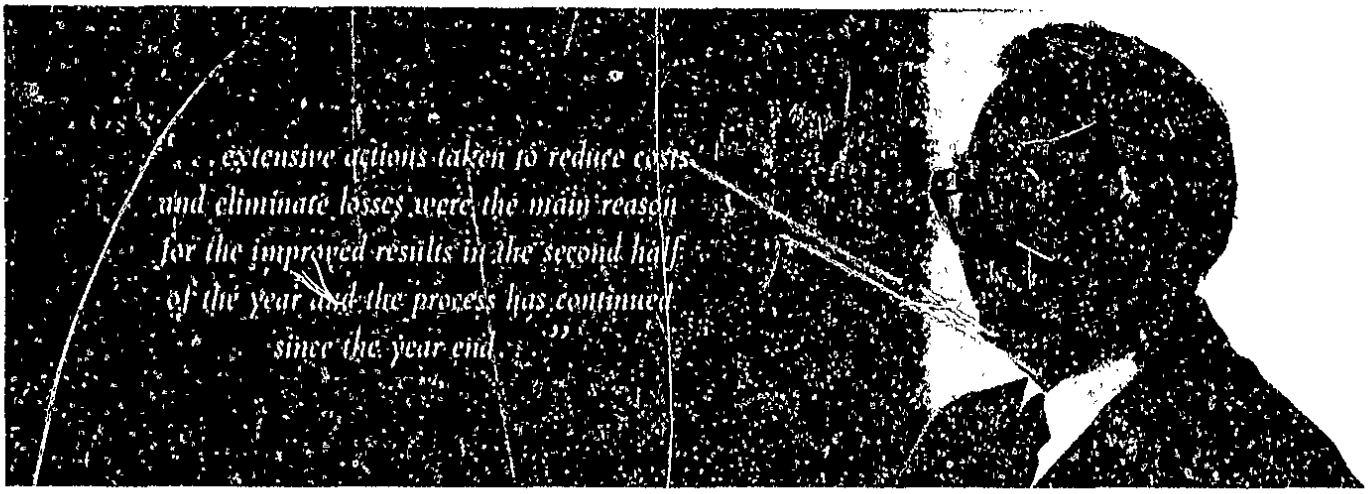
## GROUP OPERATIONS

Although 1991 was a difficult trading year overall, there were a number of good individual performances within the group. In particular, our Plastics division, aided by infrastructure spending in the UK, continued to achieve very satisfactory results despite adverse market conditions in North America and parts of the Continent.

Our consumer products business, too, showed resilience, particularly in the second half of the year when profitability improved considerably, assisted by enhanced market penetration in the UK and overseas. The UK businesses of our Engineering sub-division, building on the record performance of 1990, enjoyed another successful year and, on a smaller scale, our home improvement businesses made a useful contribution.

Particular problems, on the other hand, were experienced at Wednesbury/Continental Tube in the UK, at Columbia International in Canada, and at FORTI, our Italian joint venture.

Wednesbury/Continental Tube suffered from the continuing depressed state of the housing and heating [illegible] copper tube had declined [illegible] to the lowest volume since 1980. The business was also adversely affected by delays in commissioning new plant. In the end it has not proved possible to sustain copper tube operations on two sites, and costs amounting to approximately £3 million have been included in the operating results of the Tubes & Fittings division, to provide for the move to a single site operation. These steps are expected to accelerate a return to




profitability, with the first benefits envisaged as coming through in the second half of 1992.

Columbia International was severely affected by poor conditions in the Canadian construction industry. Major cost reductions have already been implemented through the rationalisation of production facilities in Ontario.

FORTI has for some time faced a declining home market for its thermoplastic pipe, and was not able to reverse the effects of this trend in 1991. Steps are being taken to withdraw from this business.

Other of our businesses struggled, by no means unavailingly, with market conditions which varied from the subdued to the depressed. Conditions in the automotive and construction industries were particularly poor, affecting especially our steels and building products interests.

We held our own extremely well in the now highly competitive worldwide steel industry, despite significantly lower demand in the UK and on the Continent for engineering bar, and weaker markets in the USA for imported cold and hot rolled products.

The results of our Metal Services division were affected by depressed markets, falling metal prices and increased competition, particularly in the USA. However, wide-ranging cost cutting and market share improvements helped to mitigate the effects of these factors and enabled the division to record a satisfactory profit and a strong cash flow.

## PEOPLE

1991 was an extremely testing year and I would like to thank my Board colleagues and all our employees, worldwide, for their considerable contribution and support throughout.

## PROSPECTS

The group's prospects for 1992 depend less on expectations of any improvement in market conditions than on the consequences of the considerable work we have done, mainly during the past year but with more to come, to cut costs and improve efficiency of operations.

I therefore believe that the beneficial effects of the actions already taken should ensure that profitability in 1992, particularly in the second half of the year, will be appreciably better than in 1991, although, obviously there are well-known uncertainties which affect our, and many other, businesses.

Gareth Davies

Gareth Davies
Chairman and Chief Executive
8th April 1992

# Directors and Officers

**Gareth Davies CBE, FCA** (age 62) *Chairman and Chief Executive,* joined a Glynwed subsidiary, Steel Parts, as accountant in January 1957. He became Group Computer Manager in 1964 and was appointed to the Glynwed Board as Group Finance Director in 1969. He was subsequently appointed Deputy Chairman in 1975, Managing Director in 1981, Group Chief Executive in 1984, and Chairman and Chief Executive on 28th December 1986. Mr Davies is also a non-executive director of Midlands Electricity plc and Wheway plc and a non-executive member of Barclays Bank West Midlands Region Board.

**John Eccles CBE*** (age 60) *Deputy Chairman,* is Chief Executive of the Commonwealth Development Corporation, Chairman of Chamberlin and Hill plc and a director of Courtaulds Textiles plc. He was appointed to the board of Glynwed International plc in June 1972.

**The Rt Hon John Biffen MP*** (age 61) became a director in November 1987. He is the Member of Parliament for Shropshire North and has held Government office as Chief Secretary to the Treasury, Secretary of State for Trade, Lord President of the Council, Lord Privy Seal and Leader of the House of Commons.

**Bernard Doyle** (age 52) *Chief Executive of the Steels & Engineering division,* joined the group in 1983 from the BSG International group as Managing Director of W Wesson. In January 1987 he was appointed Managing Director of the Hot Rolled sub-division of the Steels & Engineering division and his responsibilities expanded in 1989 to include the group's Bright Bar operations. He was appointed to his present position and to the board of Glynwed International plc on 30th December 1990.


Gareth Davies

**Alexander Miller** (age 59) *Chief Executive of the Metal Services division,* joined the group in July 1988 following the acquisition of Amari plc of which he was Deputy Group Managing Director. He was appointed to the board of Glynwed International plc in January 1990.

**David Milne CA** (age 55) *Finance Director,* joined the board of Glynwed in May 1979, from Wilmot Breeden Holdings Ltd. He also has responsibility for Glynwed Properties Ltd and related activities.

**Terence O'Neill** (age 61) *Chief Executive of the Consumer & Building Products division,* joined Glynwed in 1977 from BSR International plc where he was Chairman of the Housewares division. He was appointed to the board of Glynwed International plc in January 1987.

**Derrick Richardson** (age 58) *Chief Executive of the Plastics division,* joined Glynwed in 1974 to take charge of the group's engineering companies and in January 1984 became responsible for the Tubes & Fittings division. When the group's plastics interests were brought together in 1989 he became responsible for this division. He was appointed to the board of Glynwed International plc in January 1987.

**John Blakeley MA** (age 49) *Secretary and Legal Adviser,* joined the group in 1978 as legal adviser and also became the Group Secretary in 1979. He has responsibility for the legal, pensions and administration departments.

*non executive

Alexander Miller

John Eccles

John Biffen

David Milne

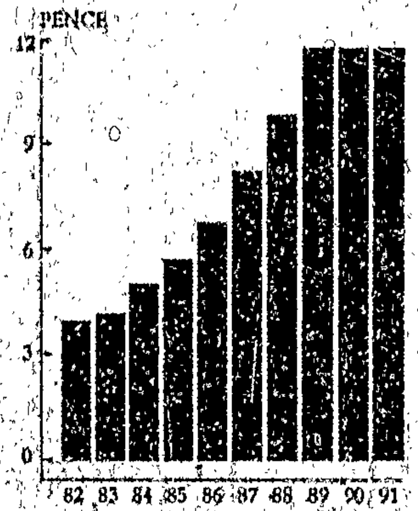
Terence O'Neill

Derrick Richardson

Bernard Doyle

John Blakeley

# Financial Review




DIVIDENDS PER SHARE

### INTRODUCTION

Most of the markets in which Glynwed operates were in recession throughout 1991, both in the UK and internationally. A segmental analysis of the group results is set out in note 2 to the accounts.

### SALES AND PROFIT

Sales at £950 million were down 14% due to falls in both volume and price.

Trading profit at £40.9 million was down 53%, with the group operating margin falling to 4.3% from 8.0%.

Net interest payable fell to £15.4 million from £17.5 million due to a combination of lower average borrowings and reductions in interest rates.

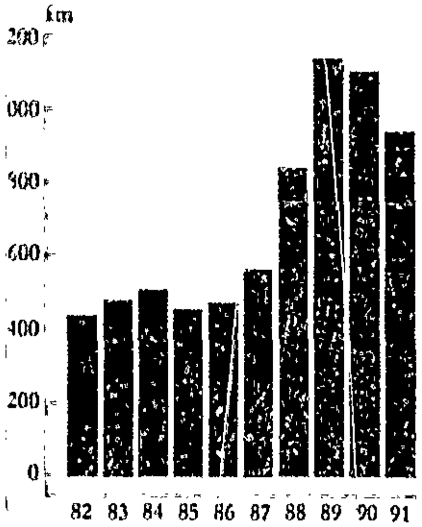
Group profit before tax fell by £44.8 million to £25.5 million, a drop of two thirds.

### TAXATION

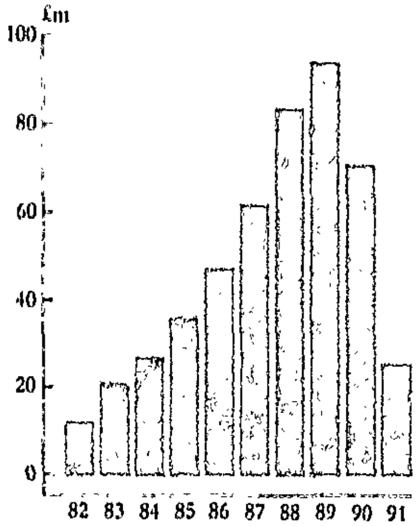
The shortfall in profits led to a corresponding fall in taxation, which reduced by £14.7 million to £8.4 million. The average rate of tax remained at 32.9%.

### EARNINGS PER SHARE

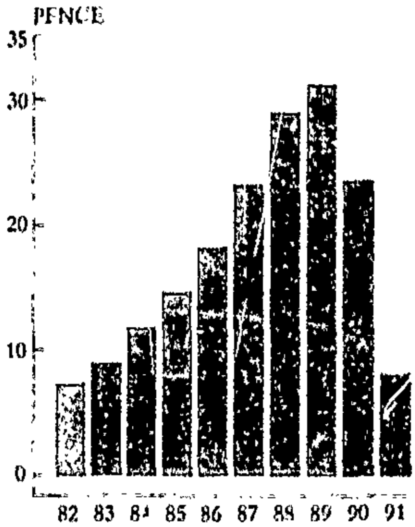
Earnings per share, at 8.43p, were also reduced by two-thirds because of the fall in profits.




TURNOVER




PROFIT BEFORE TAX




EARNINGS PER SHARE

### EXTRAORDINARY ITEMS

The charge for extraordinary items amounted in total to £8.6 million after taxation and related to costs or provisions for the sale or closure of a number of business segments both in the UK and overseas.

### NET OPERATING ASSETS

The group's net operating assets decreased during the year by £23.8 million to £293.2 million. Return on capital employed fell to 12.4% (1990 26.0%) mainly due to the fall in profit before interest.

### SHAREHOLDERS' FUNDS

During 1991 shareholders' funds fell by £13.6 million because of the transfer to the profit and loss account of £15.3 million in order to make good the excess of the dividend over profit. This caused assets per share to fall by 7.1p to 102.5p.

### CASH FLOW AND BORROWINGS

In 1991 the group adopted the new Accounting Standard on Cash Flow Statement (Financial Reporting Standard Number 1) which differs from the Funds Statement used in 1990. The new statement distinguishes between cash flows of the business and the way these flows are financed. For the purpose of this statement cash is defined in the standard as any financial instrument which has at its inception a maturity period of 3 months or less: financing is defined as that obtained from finance instruments with a maturity date in excess of 3 months at their inception, share issues and the leasing of assets.

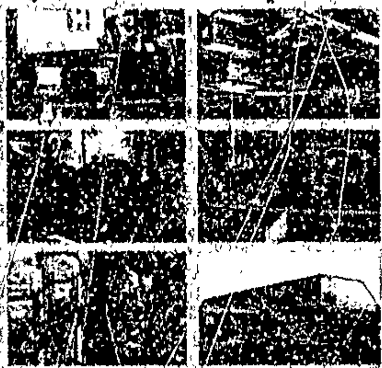
The main elements of the statement on page 25 are cash flows from operations and cash outflows for the payment of dividends, taxation and investment in the business. The statement shows that, although there was a net cash outflow of £0.1 million, net borrowings decreased by £9.7 million to £82.6 million. This represented a debt/equity ratio of 39.2%. There was a strong cash flow from operations after interest of £71.7 million. £25.5 million arose from profit before tax and there were also extensive efforts to control working capital in all sectors of the group. Tax paid was much reduced because payments were related to reduced profits in 1990 and because the 1990 tax payments were inflated by accelerated tax payments required by the Inland Revenue. The outflow from investing activities fell because capital expenditure decreased to £22.6 million from £37.3 million, and because of the group's much reduced acquisition activities. Proceeds of finance leases were £13.8 million.

# Review of Divisional Operations

In order to show the framework within which the divisions of Glynwed International plc relate to each other, a pictorial organisation chart appears on this and the facing page. This forms an introduction to the series of reviews of divisional operations which appear on pages 10-19.

## Group

Glynwed International plc



## Sub-Groups

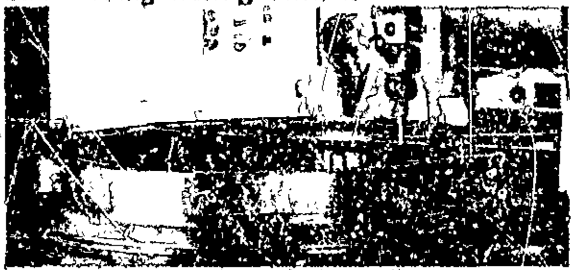
Metals & Engineering Sub-Group

Construction, Consumer & Plastics Sub-Group

# Divisions

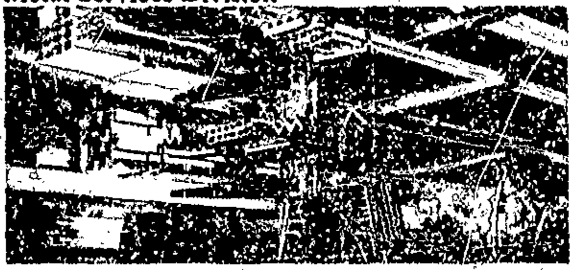
# Operations

## Steels & Engineering Division



ANSELL JONES · CASHMORES SCRAP · COLUMBIA MBF
DUCTILE COLD MILL · DUCTILE HOT MILL · DUCTILE SECTIONS
DUCTILE STEEL PROCESSORS · DUDLEY PORT ROLLING MILL
FIRTH CLEVELAND STEEL STRIP · GB STEEL BAR · GEORGE GADD
JOSEPH GILLOTT & SONS · HUB TUBE · J.B. & S. LEES · LA DAUPHINOISE
LONGMORE BROTHERS · MACREADYS · MONMORE TUBES
NEWMAN-TIPPER TUBES · ODDBOLT · PAUL FABRICATIONS
STEELWAY-FENSECURE · STOURBRIDGE ROLLING MILLS
TOWER MANUFACTURING · W. WESSON

## Metal Services Division



AALCO · ACTIVE SERVICE METALS · AMARI AEROSPACE
AMARI CONTRACT SERVICES · AMARI COPPER ALLOYS
AMARI METALS · AMARI OVERSEAS · BAIGENT & BIRD
CASHMORES STAINLESS · CJA STAINLESS STEELS · HUB ALUMINIUM
JERA METALL · LEICHTMETALL CASTENS & KROHN · SLATER METALS
STOCK ALLOYS

## Consumer & Building Products Division

AGA-RAYBURN · CASSART SPECIAL PRODUCTS · DRAINAGE SYSTEMS
FALCON CATERING EQUIPMENT · FLAVEL-LEISURE
GLYNWED FOUNDRIES · KOHLANGAZ · LEISURE
WHOLESALE CATERING EQUIPMENT

LEAVLITE including: API TIMBRON · AQUADART · DIMATSYSTEMES
FORD & BARLEY EXHIBITIONS · ISOSYSTEMS · LEAVLITE ELECTROPAINT
METOXAL · PLEXITE

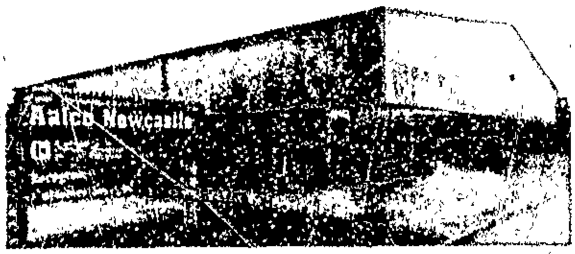
## Plastics Division

AMARI PLASTICS · CAPPER P.C. · DURAPIPE · ENFIELD INDUSTRIAL
FIP FORMATURA INIEZIONE POLIMERI
HARRINGTON INDUSTRIAL PLASTICS · INNOGE · MCA-CALDER
PHILMAC · PORT PLASTICS · TOWNSEND POLYMER ENGINEERING
VOLCATHENE

## Tubes & Fittings Division

ALBION · WEDNESBURY TUBE

## Properties Division




GLYNWED PROPERTIES

Following the deterioration in trading conditions reported last year, 1991 saw a further decline in demand for the division's products, resulting in another reduction in operating profit. Our US markets for both cold and hot rolled products proved particularly difficult against the background of a world-wide recession in the steel industry. It was judicious, therefore, for the division to adopt a generally defensive attitude, with cost cutting and cash generation as its prime objectives.

ANSELL JONES
CASHMORES SCRAP
COLUMBIA MBF
DUCTILE COLD MILL
DUCTILE HOT MILL
DUCTILE SECTIONS
DUCTILE STEEL PROCESSORS
DUDLEY PORT ROLLING MILL
FIRTH CLEVELAND STEEL STRIP
GB STEEL BAR
GEORGE GADD
JOSEPH GILLOTT & SONS
HUB TUBE
J.B. & S. LEES
LA DAUPHINOISE
LONGMORE BROTHERS
MACREADYS
MONMORE TUBES
NEWMAN-TIPPER TUBES
ODDSOLT
PAUL FABRICATIONS
STEELWAY-FENSECURE
STOURBRIDGE ROLLING MILLS
TOWER MANUFACTURING
W. WESSON

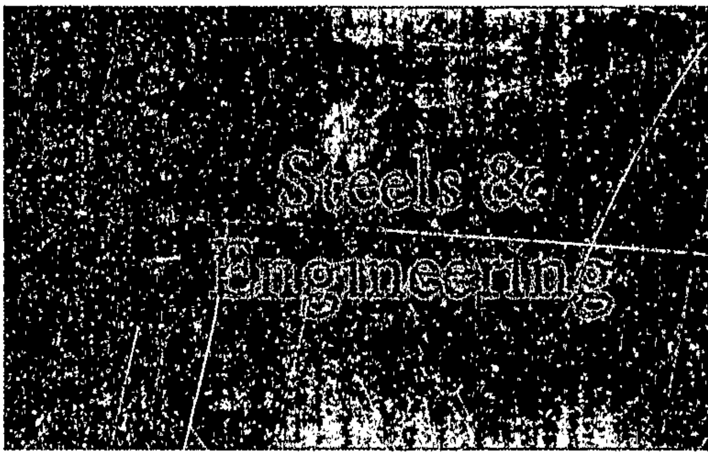
The Hot-Rolled sub-division started the year with poor order books and continued in similar vein for the rest of the year. Demand for engineering bar declined significantly in the UK and Europe, which led to falling prices. The larger steel producing mills sought to fill capacity by rolling smaller orders, thus making incursions into areas in which Glynwed normally operates. Despite this, some increase in exports of hot rolled products, particularly wide flats, was achieved in mainland Europe, thanks to our flexibility and service.

Significant reduction in bright bar demand affected both GB Steel Bar and Longmore Brothers, our processing businesses, as well as Macreadys, the UK's major distributor of drawn steel products. The planned closure of the latter's high-cost London warehouse took place late in 1991 and the business was transferred to a new central warehouse at Rugby. This purpose-built facility is already producing benefits from improved service and more effective use of stock.

Ductile Cold Mill and Stourbridge Rolling Mills, who operate in low and medium carbon commodity markets, minimised the impact of reduced demand by demonstrating their flexibility and fast turn-round. Both operations, though less profitable than in 1990, ended the year on an improving trend.

J B & S Lees found that markets world-wide for its specialist strip products, particularly bandsaw material which is sold globally, were weak; nevertheless an acceptable return was achieved. Firth Cleveland, the other specialist cold roller, suffered a decline in demand for its main product, which is used in the making of hand tools. This business has been refocused, which will have a beneficial impact in 1992.

The steel tube operations did not feel the full effects of recession until 1991. A poor summer, on top of generally worsened trading conditions, adversely affected demand for Monmore Tubes' zinc-plated greenhouse and garden furniture tube. Newman-Tipper Tubes and HUB Tube, who operate in the standard precision tube market, also found trading extremely difficult. Newman, however, after a series of cost cutting measures, ended the year on an improving note, while HUB Tube, under volume and




margin pressure, restructured both its production and its distribution.

Of the world's major economies, Canada has been among the worst affected, with its construction sector particularly severely hit. To cope with the changed conditions, Columbia MBF implemented major cost reductions and undertook a consolidation of tube manufacture in Ontario onto a single site. Further improvements will depend on the pace and timing of the recovery in the North American economy as a whole.

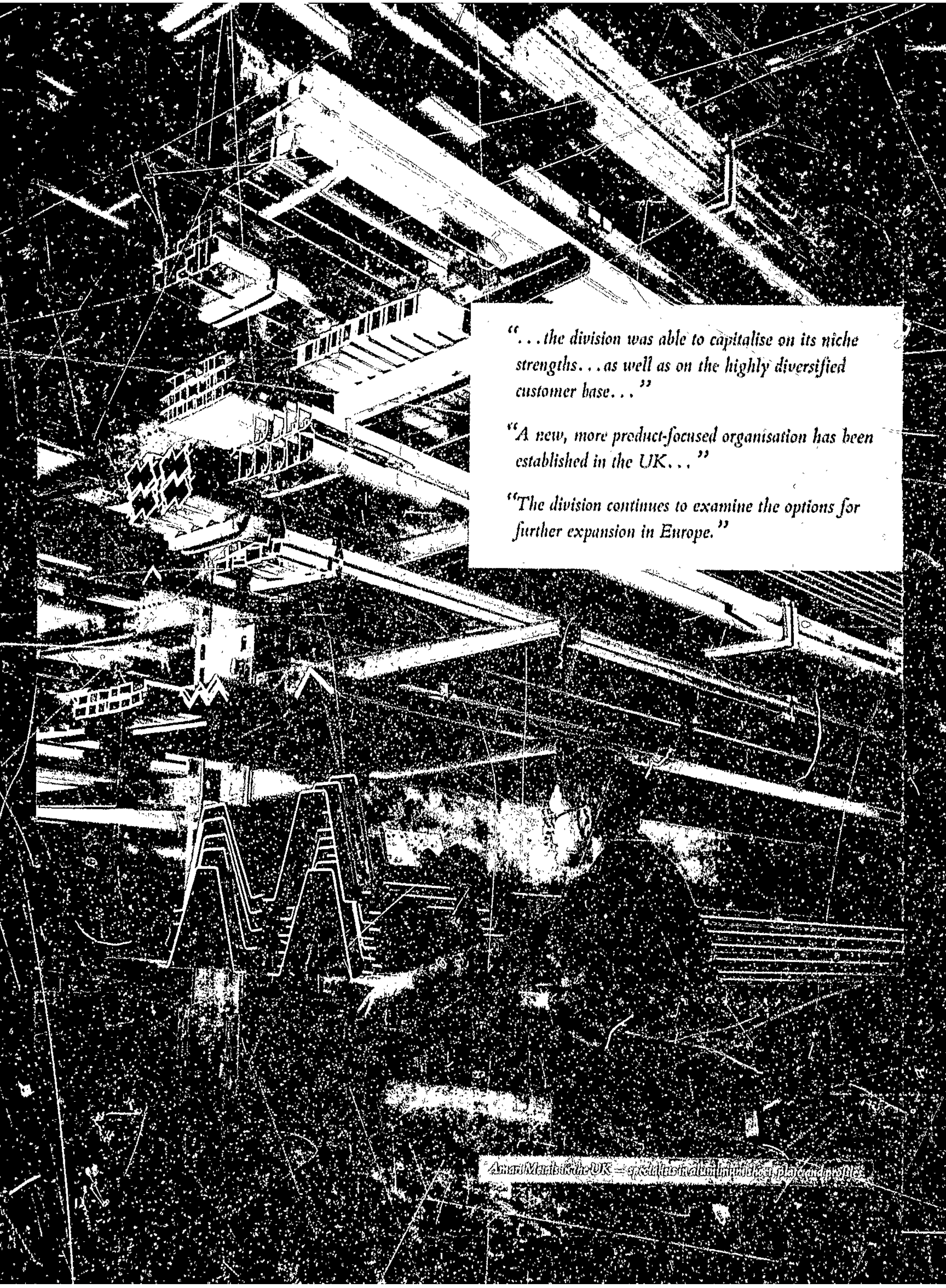
The four main businesses in the Engineering sub-division all made acceptable returns. Ansell Jones, which is Europe's leading supplier of marine lifting equipment, and Steelway-Fensecure, whose steel flooring, stairways and other fabrications are mainly for the UK market, both improved their profits. These businesses have benefited from widening both their customer bases and their product ranges. For Paul Fabrications a major development was the signing of a long-term agreement to provide high-precision fabricated nuclear fuel-rod braces. Tower Manufacturing, whose major product is clips for a wide range of electric cables, produced a creditable performance considering the building industry background against which it operates.

*"It was judicious . . . for the division to adopt a . . . defensive attitude . . ."*

*". . . cost cutting and cash generation . . . its prime objectives."*

*"The four main businesses in the Engineering sub-division all made acceptable returns."*


*Paul Fabrications checks fine tolerances with co-ordinate measuring equipment.*



*"…the division was able to capitalise on its niche strengths…as well as on the highly diversified customer base…"*

*"A new, more product-focused organisation has been established in the UK…"*

*"The division continues to examine the options for further expansion in Europe."*

*Amari Metals in the UK – specialists in aluminium sheet, plate and profiles*

Contrary to most forecasts a year ago, the recession in the metals industry continued unabated through 1991, leading to reduced volumes, falling prices and increased competition. These adverse factors combined to depress the revenue and margins of the Metal Services Division.

Activity was particularly weak in the important transport and construction sectors, whilst declining sales to the engineering and machine tool markets reflected capital investment cuts across the industrial spectrum. Interest rate reductions have done little so far to stimulate recovery.


Few products were exempt from the downturn in demand, although the division was able to capitalise on its niche strengths in tube, plate and coil processing, as well as on the highly diversified customer base provided by its multi-branch network. A significantly improved performance was reported by the units serving the petrochemical and offshore oil industries and the division's just-in-time service continued to win new business.

By far the most damaging influence on the division's results in 1991 was the steep fall in metal prices and its impact on margins. In the course of the year, aluminium and stainless steel prices in both Europe and the USA fell by more than 20% in response to declining consumption, mill overcapacity and, in the case of aluminium, a flood of imports from the former Soviet Union. At the year-end, the aluminium ingot price stood at its lowest level in real terms for almost 20 years, while prices for aluminium and stainless rolled products were more than 40% below their peak in the Spring of 1989. By defending percentage gross margins and applying wide-ranging cuts in costs and working capital, the UK operation was able to mitigate the effects of reduced tonnage sales and prices on operating profit and generate a strong cash flow. Regional economies were achieved through branch mergers such as the Kent and Crawley branches in the South-East. The transfer of the HUB Aluminium specialist extrusion business into the division at the end of the year is expected to provide opportunities for rationalisation of purchasing and inventory management.

A new, more product-focused organisation has been established in the UK to improve the division's penetration of proven niche markets and to optimise exploitation at branch level of national purchasing and marketing strengths. The data processing system is being upgraded to improve the quality of management information and operational efficiency at branches.

In Continental Europe, the slower pace of recession and the success of our own operations in controlling costs and improving margins produced an increase of more than 60% in operating profit compared with the previous year. The performance of the north and south German branches was particularly satisfying, with prospects of further growth as the recovery in the eastern provinces gathers momentum. The division continues to examine the options for further expansion in Europe.

Market conditions in the USA were particularly bleak, but, by increasing tonnage sales against the trend and reducing overheads by some 10%, Amari Metals was able to maintain its 1990 sales turnover and achieve a modest operating profit. As part of its North American rationalisation programme, the division disposed of its small Canadian subsidiary in June 1991 for a consideration of Can $7.1 million. Further measures are planned to enable the US operation to match its capacity and product mix to the foreseeable needs of the market.

We believe that the UK market has probably reached its low point but that, given the economic slow-down in the rest of Europe and the stubbornness of the USA recession, no significant upturn in demand is likely to occur before the second half of 1992. Of some encouragement is the generally low level of end-user and distributor inventories and the possibility that any real pick-up in activity could trigger an immediate price response.

The division will continue its policy of adapting to the prevailing market conditions whilst maintaining a strong base from which to exploit the upturn when it comes.

AALCO

ACTIVE SERVICE METALS

AMARI AEROSPACE

AMARI CONTRACT SERVICES

AMARI COPPER ALLOYS

AMARI METALS

AMARI OVERSEAS

BABBINT & BIRD

CASHMORES STAINLESS

CJA STAINLESS STEELS

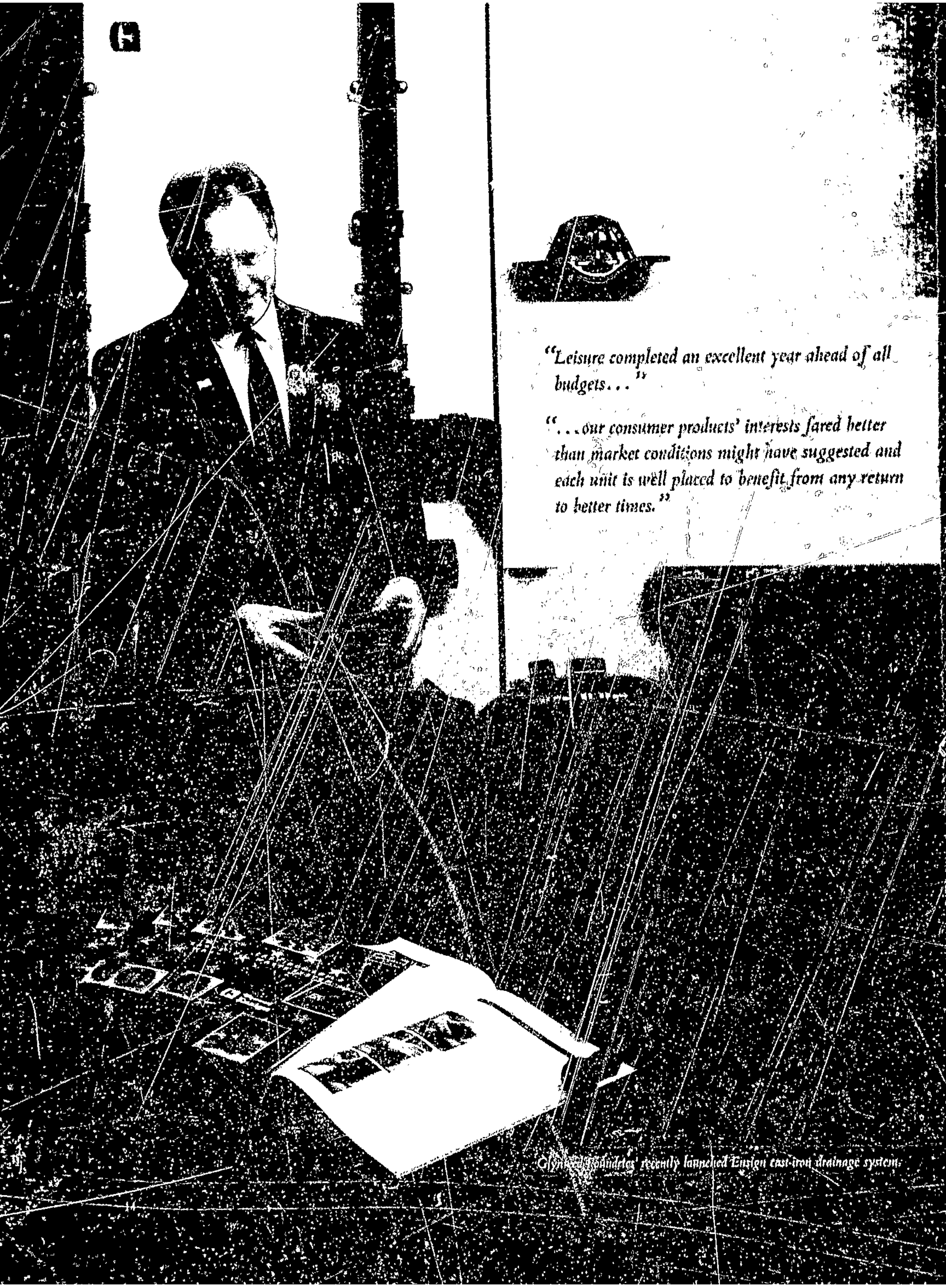
HUB ALUMINIUM

JERA METALL

LEICHTMETALL CASTENS & KROHN

SLATER METALS

STOCK ALLOYS



*"Leisure completed an excellent year ahead of all budgets . . ."*

*". . . our consumer products' interests fared better than market conditions might have suggested and each unit is well placed to benefit from any return to better times."*

*Glynwed Foundries' recently launched Ensign cast-iron drainage system.*

# Consumer & Building Products

Throughout the year conditions continued to deteriorate in all our market sectors. Sales of major domestic appliances are closely linked to housing activity and this sector remained static.

The high cost of borrowing which had contributed to poor demand was reduced no fewer than seven times during the year without significant effect upon retail sales. Despite this gloomy trading climate there has been much to be pleased with during the year — Flavel-Leisure continued the policy of improving their product mix in both cookers and fires whilst attacking costs, and towards the end of the year generated a small operating profit.

Leisure's sink business continued to confirm the importance of major market strategy decisions. Their 'Velstra' series of mineral-filled epoxy resin sinks has proved so successful in home and export markets that capacity has been significantly increased and the 'Euroline' range of stainless steel sinks continues to win favour, particularly in Germany. Leisure completed an excellent year ahead of all budgets and with an encouraging order book.

Kohlangaz, under the influence of another mild winter and the poor housing market, fell back from last year and, in profit terms, disappointed.

We referred last year to the loss of orders at Aga-Rayburn resulting from strike action and this did have an impact, as forecast, upon the first part of the year. Poor demand made job losses at Aga works and at the Coalbrookdale foundry unavoidable. In the second half, however, confidence by both distributors and customers improved and Aga-Rayburn ended the year in much better heart.

In general our consumer products' interests fared better than market conditions might have suggested and each unit is well placed to benefit from any return to better times.

During the entire year Falcon Catering Equipment experienced most difficult trading conditions. Hotels and restaurants have been seriously under-utilised and contract caterers have been affected by closures and redundancies in many of their clients' operations. A feature of the year has been the failure of considerable numbers of distributors and also of a major competitor. The year closed for Falcon with sales down some 10% on the previous year but, with costs well under control, the unit remains profitable.

When setting their budgets for 1991 our building products businesses were very much aware of the rapid market decline which had taken place in the final quarter of the previous year. The industrial/commercial building sector, in the South-East particularly but progressively also throughout the country, became aware of the substantial over-provision of accommodation which had coincided with the reversal of previous patterns of demand. Demand for pipes and fittings reflected this reduced activity and 1991 proved a very difficult year for Sinclair foundry, at Telford.

In those foundries which manufacture covers and frames and municipal castings, fortunes varied considerably. Good progress was made at Risca in South Wales, where heavy duty products are manufactured from ductile iron, and although this operation needs more demand to prove its ultimate value, a very satisfactory result was achieved. Elsewhere, and particularly in the West Midlands' foundries which specialise in grey iron products, the effects of imports — from India and the former Eastern Bloc — were particularly harmful and losses were unavoidable. We remain concerned about this threat which will certainly increase as the Eastern Bloc ordnance factories look west for alternative markets. Glynwed Foundries ended the year much less profitable than previously, and with real concerns over both the level of demand and the threats from importers.

Drainage Systems, the UK distribution arm for our foundries, suffered from the same lack of demand and, unable significantly to reduce its operating costs, experienced, for the first time, losses in trading.

Elsewhere in the building products field, those group operations which chiefly relate to the home improvement market fared much better. In particular the polystyrene-based substitute for hardwood, known as Timbron, began to attract significant overseas interest. Other operations, managed under the Leavlite banner, produced creditable results with Isosystems and Aquadart both exceeding targets and gaining market shares.

AGA-RAYBURN
CASSART SPECIAL PRODUCTS
DRAINAGE SYSTEMS
FALCON CATERING EQUIPMENT
FLAVEL-LEISURE
GLYNWED FOUNDRIES
KOHLANGAZ
LEISURE
WHOLESALE CATERING EQUIPMENT

LEAVLITE
*including*
API TIMBRON
AQUADART
DIMATSYSTEMES
FORD & BARLEY EXHIBITIONS
ISOSYSTEMS
LEAVLITE ELECTROPAINT
METOXAL
PLEXITE

# Plastics

AMARI PLASTICS

CAPPER P-C

DURAPIPE

ENFIELD INDUSTRIAL

FIP FORMATURA INIEZIONE POLIMERI

HARRINGTON INDUSTRIAL PLASTICS

INNOGE

MCA-CALDER

PHILMAC

[illegible] PLASTICS

TOWNSEND POLYMER ENGINEERING

VULCATHENE

Adverse conditions in some markets, particularly for the sheet and rod businesses operated by Amari Plastics and for the Italian thermoplastic pipes business, resulted in the first decline in operating profit since the Plastics division was formed. In general, however, the pipes, valves and fittings operations comprising the Glynwed Plastics International sub-division (GPI) had another strong year.

GPI's performance was achieved despite a reduction in market buoyancy which was first noted in last year's report and which further deteriorated during the year into full recession in many of the world's markets for industrial pipework systems. The UK, USA, Australia, Italy, France and a number of other European countries were all affected. Many of these markets became significantly smaller in value terms, due to the twin effects of destocking and decline in industrial investment.

Against this background, GPI's aggregate worldwide sales in local currency actually slightly exceeded those of 1990. This excellent result demonstrates the strength of its market management, as well as the effectiveness of specific marketing initiatives undertaken by virtually all of GPI's businesses, both individually and using their increasingly important collective synergy.

Strong pressure on costs and new product development, together with capital spending aimed at generating increased efficiency and capacity, where needed, effectively limited the impact on profits of cost inflation and selling price erosion in what proved to be a fiercely competitive year.

The overall improvement in GPI's market position, together with further significant improvements in distribution arrangements in a number of national markets, should put the sub-division in a strong position when growth returns to our markets. This is not, however, expected until late 1992 or early 1993.

Several companies continued to show strong underlying growth, notably Durapipe, Philmac and FIP. Vulcathene benefited from internal reorganisation and cost cutting and will be better placed for growth in 1992, while Innoge made a major change to its distribution arrangements through two newly formed joint venture companies, one for France and general export, and the other for the USA. In the field of general industrial products, another joint venture distributor, Mariks, consolidated our position in France.

FIP GmbH, now acting as "master" distributor of GPI's total product range in Germany, also made very successful progress. Our other wholly-owned distribution companies, Capper P-C and Harrington, maintained sales in very weak markets in the UK and USA respectively — although these were the areas where margins were most under pressure. Townsend Polymer Engineering, MCA-Calder and, in the USA, Enfield all consolidated their results in very competitive markets following site moves and/or expansion during the previous year.

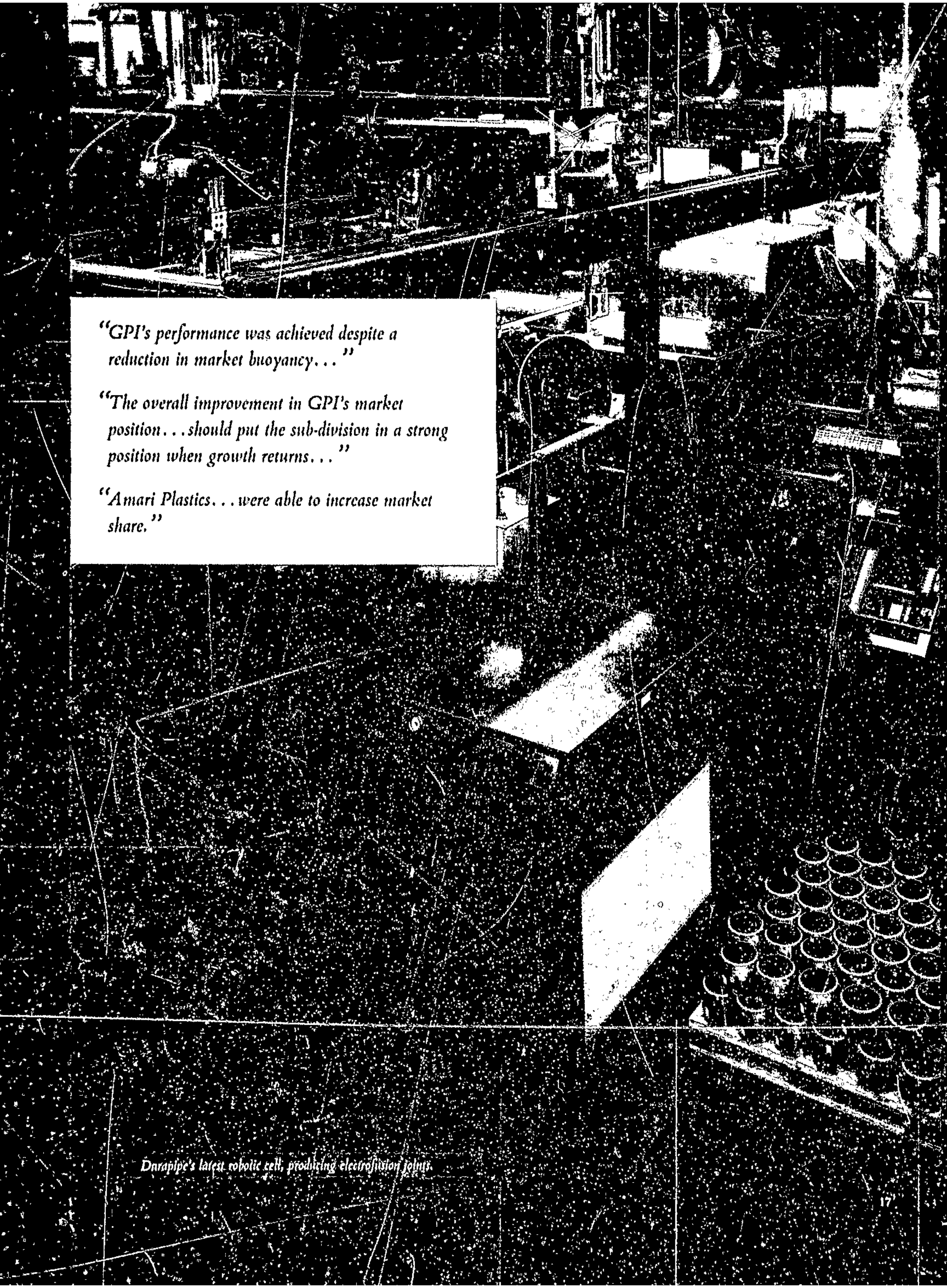
Amari Plastics' markets for industrial semi-finished plastics continued to decline, with the UK market for some product groups, such as acrylic, showing a 25% decrease. The South-East was most severely affected, while the North held up remarkably well considering the recession. However, we were able to increase market share, improve gross margins and reduce overheads without the need for branch closures or compulsory redundancies.

Port Plastics, the American affiliate of Amari Plastics based on the West Coast, had to trade in very difficult market conditions. California, where there are branches in Los Angeles, San Francisco and San Diego, was particularly badly affected, with volume down by 20%. The northern branches at Seattle and Portland had better trading conditions and showed improved results. With continuing support from key suppliers, Port Plastics improved market share, though margins came under pressure.

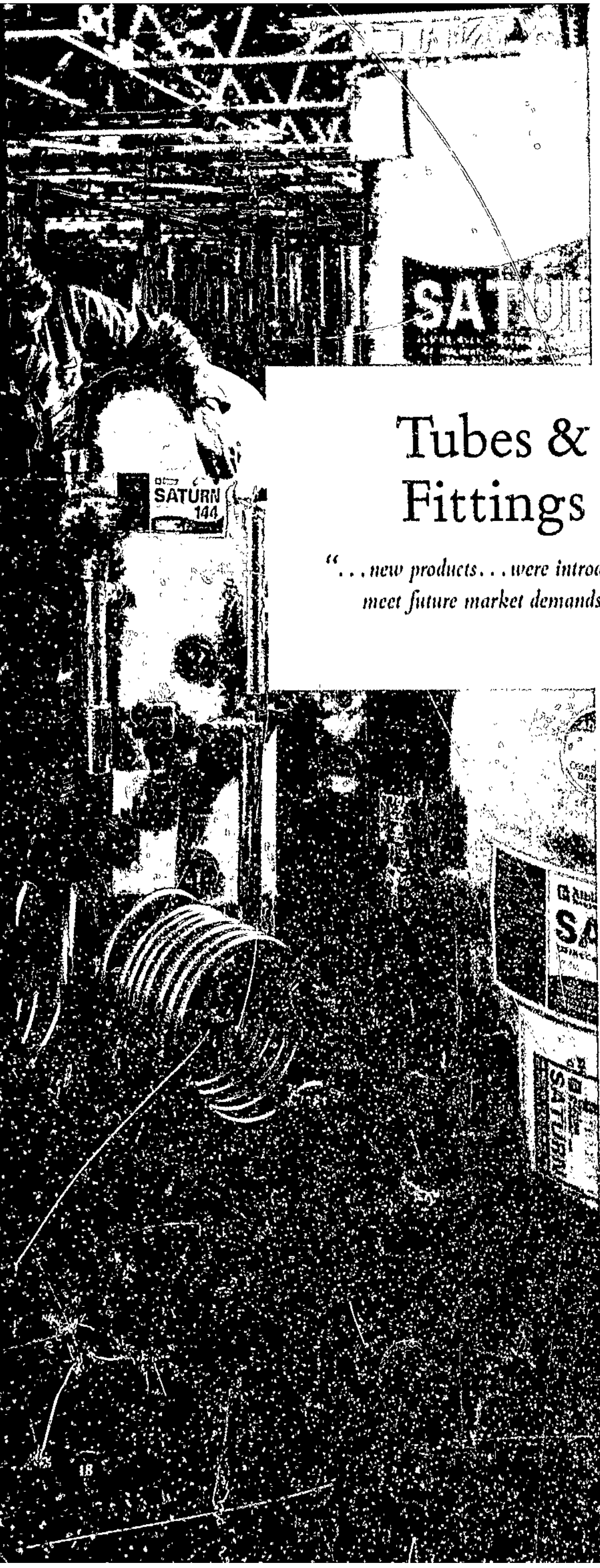
*"GPI's performance was achieved despite a reduction in market buoyancy..."*

*"The overall improvement in GPI's market position...should put the sub-division in a strong position when growth returns..."*

*"Amari Plastics...were able to increase market share."*



Durapipe's latest robotic cell, producing electrofusion joints.




# Tubes & Fittings

*"...new products...were introduced to meet future market demands."*

T[illegible] which [illegible] made 1991 another disappointing year for the division. An encouraging feature, however, was the fact that Wednesbury Tube fully maintained its share of the UK market.

Overall, the size of the copper tube market was well down on the levels achieved in the late '80s; indeed the UK market has declined by more than 30% in the last three years to the lowest volume since 1981. It is obvious that the rate of installation of central heating systems has slowed significantly and that the UK market has become progressively more saturated.

Against this background it has become clear that manufacturing on two sites, both operating below capacity, has produced a disappointing financial result. In consequence, since the year-end, it has been necessary to implement a decision to concentrate production on a single site. The technical advances made over the last two years with the new production equipment at the West Bromwich plant, known as Continental Tube, have meant that the transfer of this process to Wednesbury Tube's main plant at Bilston, in the West Midlands, will provide excellent production flexibility. While the new equipment is being transferred, the Bilston plant will be capable of meeting the current low levels of demand. With the capability and capacity which the new equipment will bring to Wednesbury Tube, the Bilston plant will progressively reach a position where it is able to respond effectively to the demands which may be anticipated from the UK, Europe and other world markets as they begin to recover in due course.

Albion, our copper cylinder manufacturer, was also affected by the continuing decline in the housing market, but the actions previously taken enabled it to complete a satisfactory year. The three manufacturing sites in the North-West of England were rationalised on to a single site in the Manchester area to complement the plants at Halesowen in the West Midlands, and Grantham, and further new products, including Saturn, a new unvented cylinder system, were introduced to meet future market demands.

*Albion's new range - Saturn unvented hot water cylinders.*

ALBION
WEDNESBURY TUBE

# Properties

*"...continued to invest in ...new warehouse and industrial buildings..."*

The profit from the properties division increased to £8.5 million (1990 £7.8 million) and consisted of £7.8 million from rental income, mostly derived from group companies, and £0.7 million from disposals. There has been little, if any, effect on the group's property values as the investments are principally located in the Midlands and North and were least affected by the downturn in the property market.

The division continued to invest in providing new warehouse and industrial buildings and improvements to existing facilities for use by other divisions of the group. As illustrated, a new warehouse and office building totalling 15,000sq ft was developed during the year for Aalco Newcastle on land purchased from English Estates at Team Valley Trading Estate, Gateshead, Tyne & Wear.

Several surplus properties were profitably sold during the year, in particular the investment property at Pear Tree Industrial Park, Dudley, West Midlands. This small industrial estate was developed by the company in 1982 and took advantage of the Enterprise Zone Status which expired in 1991.

Secure rental income will continue to be received and advantage may be taken of the planning permissions for change of use which have been achieved in anticipation of better times in the property market.

GLYNWED PROPERTIES

*Glynwed Properties provided new premises for Aalco Newcastle in 1991.*

# 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 28th December 1991. These will be submitted to members at the annual general meeting to be held at Headland House, New Coventry Road, Sheldon, Birmingham at 12 noon on Thursday, 4th June 1992.

### ACTIVITIES AND BUSINESS REVIEW

Glynwed International plc is the group holding company and its principal subsidiaries and their activities are shown on pages 45 to 47.

A review of the activities and prospects of the group and of the principal subsidiaries is given on pages 8 to 19.

### DIVIDENDS AND RESERVES

The profit for the financial period was £8.8 million (1990 £41.0 million). After dividends of £24.1 million (1990 £24.0 million) there was a deficit of £15.3 million, which amount was transferred from reserves (1990 profit retained of £17.0 million).

Earnings for the period were £17.3 million (1990 £47.8 million) as shown in note 12 on page 34, and earnings per share were 8.43p (1990 23.38p).

An interim dividend of 4.15p per ordinary share was paid on 11th December 1991. The directors recommend a final dividend of 7.50p per ordinary share payable on 2nd July 1992, making a total for the period of 11.65p per ordinary share (1990 11.65p).

### CAPITAL OF THE COMPANY

Allotments of ordinary shares of 25p each of the company were made during 1991 as indicated in note 23 on page 40.

Resolutions will be proposed at the annual general meeting to grant to the board, until the next following annual general meeting, authority and power to allot new securities under sections 80 and 95 of the Companies Act 1985.

### CORPORATE PERSONAL EQUITY PLANS

Shortly after the end of the year the company announced the introduction of two Personal Equity Plans, a General PEP and a Single Company PEP, as vehicles for the tax-efficient holding of shares in the company. The Plans are managed by Bradford & Bingley (PEPs) Limited. Further information and a brochure may be obtained from the Secretary of the Company at its registered office (shown on page 52).

### SHAREHOLDERS

At 28th December 1991, ordinary shareholders totalled 14,407 (1990—16,192). Their holdings are analysed below:

| Number of shares | % of shareholders | % of shares in issue |
|---|---|---|
| 1—5,000 | 90.66 | 7.63 |
| 5,001—50,000 | 7.15 | 6.82 |
| 50,001—250,000 | 1.31 | 10.94 |
| Over 250,000 | 0.88 | 74.61 |
| | 100.00 | 100.00 |

### SHAREHOLDERS (continued)

At the date of this report, the following interests appear in the register maintained by the Company under Section 211 of the Companies Act 1985:

| Person notifying interest | Number of Ordinary shares | % of issued Ordinary capital |
|---|---|---|
| Prudential Corporation | 10,391,431 | 5.06 |
| Britannic Assurance plc | 10,330,000 | 5.03 |
| Invesco MIM plc | 7,968,972 | 3.88 |
| Scottish Widows Investment Management Ltd | 6,255,000 | 3.04 |
| Confederation Life Group | 6,253,000 | 3.04 |

### DIRECTORS

The members of your Board at the date of this report are shown on pages 4 and 5.

Mr B Doyle was appointed to the board on 30th December 1990. In accordance with the Articles of Association Mr JD Eccles and Mr T O'Neill retire by rotation and, being eligible, offer themselves for re-election. Neither of the retiring directors has a service contract of more than one year's duration.

### DIRECTORS' INTERESTS

The share interests of the directors of the company according to the register kept under section 325 of the Companies Act 1985 were in the following quantities of ordinary shares of 25p each on the dates shown and were all beneficial:

| | 28th December 1991 | | | | | 30th December 1990 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Options under the Senior Executive Share Option Scheme | | | | | Options under the Senior Executive Share Option Scheme | | | |
| | Shares | at 200.5pps | at 264pps | at 304pps | at 308pps | Shares | at 200.5pps | at 264pps | at 304pps | at 308pps |
| G Davies | 157,579 | 56,250 | 37,500 | 60,000 | 125,000 | 157,579 | 56,250 | 37,500 | 60,000 | 125,000 |
| DL Milne | 96,382 | 37,500 | 24,000 | 9,000 | 75,000 | 96,382 | 37,500 | 24,000 | 9,000 | 75,000 |
| B Doyle | 2,000 | 28,125 | 22,500 | 12,000 | 25,000 | 2,000 | 28,125 | 22,500 | 12,000 | 25,000 |
| A Miller | 114,767 | — | — | — | 40,000 | 114,767 | — | — | — | 40,000 |
| T O'Neill | 77,579 | 37,500 | 30,000 | 15,000 | 75,000 | 77,579 | 37,500 | 30,000 | 15,000 | 75,000 |
| DW Richardson | 82,579 | 37,500 | 30,000 | 15,000 | 75,000 | 82,579 | 37,500 | 30,000 | 15,000 | 75,000 |
| WJ Biffen | — | — | — | — | — | — | — | — | — | — |
| JD Eccles | 1,875 | — | — | — | — | 1,875 | — | — | — | — |

Additionally, the undermentioned directors held options under the group's Savings-Related Share Option Scheme to acquire ordinary shares of the company as indicated below:

| | 28th December 1991 | | 30th December 1990 | |
|---|---|---|---|---|
| | at 238.6pps | at 244.0pps | at 238.6pps | at 244.0pps |
| G Davies | — | 1,475 | — | 1,475 |
| DL Milne | 2,790 | 1,475 | 2,790 | 1,475 |
| B Doyle | — | 4,426 | — | 4,426 |
| A Miller | — | 4,426 | — | 4,426 |
| T O'Neill | — | 1,475 | — | 1,475 |
| DW Richardson | — | 1,475 | — | 1,475 |

Except that Mr JD Eccles has acquired a beneficial interest in 1,321 ordinary shares of the company, the above interests are the same at the date of this report.

No director had an interest in any contract of significance with any group company.

The company has purchased insurance to cover directors' and officers' liability as defined by Section 310(3)(a) of the Companies Act 1985.

### TANGIBLE FIXED ASSETS

The movements of tangible fixed assets are set out in note 13 on page 35 and include a net book value of £0.2 million arising from the acquisition of new businesses.

### PRINCIPAL DISPOSAL

In June, Amari Metals Inc (Canada) was sold for C$7.1 million.

### RESEARCH AND DEVELOPMENT

Research and development appropriate to the needs of the group's individual businesses is proceeding and such expenditure is written off in the period in which it is incurred. The group's policy is to have research and development facilities as an integral part of individual manufacturing operations rather than as a central group undertaking.

### EMPLOYEES

1991 was a difficult year in employment terms, with sizeable reductions in manpower occurring in many parts of the group and a very tight rein being kept on remuneration costs. It is a tribute to the abilities and attitudes of our workforce at all levels that the group adapted as well as it did to changing circumstances, both in the UK and abroad.

Recruitment during the year was necessarily reduced, but our policies in that regard remained designed to ensure equal opportunity of employment, regardless of race or sex. Appropriate consideration is given to disabled applicants in offering employment. The practice continues of providing training, career development and promotion for disabled persons as the case warrants, and special attention is given to the particular needs of individuals who become disabled whilst in employment.

Good communications and relations with employees are maintained, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept abreast of group developments in financial, commercial, strategic and personnel matters and are thereby enabled to inform and discuss with employees as appropriate at our individual operating units.

The group operates pensions and share option schemes for employees, to good and regularly-reviewed current standards, together with an Educational Scholarship Scheme: under the latter, 81 awards were made in 1991 by the independent selection committee.

### HEALTH AND SAFETY AND ENVIRONMENT

Amongst the issues over which particular care is taken in the group's communications with employees are those relating to Health and Safety and the environment. The group is conscious of the need for and aims to achieve high standards of operation under Health and Safety at Work and Environmental Protection legislation and through its senior management seeks to keep all concerned aware of developments in terms both of good industrial practice and of statutory frameworks.

# *Report of the Directors*

### CHARITABLE AND POLITICAL DONATIONS AND COMMUNITY RELATIONS

During 1991 the group gave £121,851 for charitable purposes in the UK. Amongst the principal beneficiaries were organisations concerned with medical research, the elderly, people with physical or mental disabilities, and inner city projects. The group's charitable giving is one aspect of its relationships with the communities within which it works: importance is attached to those relationships, which encompass the provision of help and support, in financial and other ways, not just to organisations as already mentioned but also in the fields of education, the Arts and sport.

The group also gave £40,000 in 1991 for political purposes to the Conservative Party.

### CAPITAL GAINS TAX

The official price of Glynwed International plc ordinary shares on 31st March 1982, adjusted for the bonus issues made in 1986 and 1988, was 62.4p.

### CLOSE COMPANY STATUS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

### AUDITOR

From 1 June 1992, Coopers & Lybrand Deloitte, will practise in the name of Coopers & Lybrand. A resolution to reappoint the firm will be proposed at the Annual General Meeting.

By order of the board

**JC Blakeley** J C Blakeley

Secretary

Birmingham

8th April 1992

# Source and Distribution of Value Added

[illegible]

| | 1991 | | 1990 | |
|---|---|---|---|---|
| | £m | | £m | |
| **SOURCE OF VALUE ADDED** | | | | |
| Turnover | 949.9 | | 1,099.8 | |
| Cost of materials and services used | 698.8 | | 793.8 | |
| **TOTAL VALUE ADDED** | 251.1 | | 306.0 | |
| | £m | % | £m | % |
| **DISTRIBUTION OF VALUE ADDED** | | | | |
| **EMPLOYEES** costs | 188.2 | 75.0 | 196.7 | 64.3 |
| **TAXATION** UK and overseas | 8.4 | 3.3 | 23.1 | 7.5 |
| **PROVIDERS OF CAPITAL** | | | | |
| Interest payable on borrowings | 15.4 | 6.1 | 17.5 | 5.7 |
| Dividends to shareholders | 24.1 | 9.6 | 24.0 | 7.8 |
| Minority shareholders in subsidiaries | (0.3) | (0.1) | (0.7) | (0.2) |
| **TOTAL COST OF CAPITAL PROVIDED** | 39.2 | 15.6 | 40.8 | 13.3 |
| **RE-INVESTMENT IN THE BUSINESS** | | | | |
| Depreciation | 22.0 | 8.8 | 21.5 | 7.0 |
| (Transfer from reserves)/profit retained | (15.3) | (6.1) | 17.0 | 5.6 |
| **TOTAL RE-INVESTED** | 6.7 | 2.7 | 38.5 | 12.6 |
| **EXTRAORDINARY ITEMS** (after tax) | 8.6 | 3.4 | 6.9 | 2.3 |
| **TOTAL VALUE ADDED** | 251.1 | 100.0 | 306.0 | 100.0 |

# *Cash Flow Statement*

For the 52 weeks ended 28th December 1991

| | Notes | 1991 £m | 1991 £m | 1990 £m | 1990 £m |
|---|---|---|---|---|---|
| Net cash inflow from operations | 25 | | 87.0 | | 124.4 |
| Net interest | 26 | (15.3) | (15.3) | (17.7) | (17.7) |
| Net cash inflow from operations after interest | | | 71.7 | | 106.7 |
| Dividends | | (24.1) | (24.1) | (23.9) | (23.9) |
| Net cash outflow in respect of returns on investments and servicing of finance | | (39.4) | | (41.6) | |
| Tax paid | | | (26.4) | | (43.5) |
| Net cash inflow from operations after interest tax and dividends | | | 21.2 | | 39.3 |
| Net cash outflow from investing activities | 27 | | (21.3) | | (45.3) |
| NET CASH OUTFLOW BEFORE FINANCING | | | (0.1) | | (6.0) |
| | | | | | |
| Movement in financing | 28 | | 23.6 | | (28.8) |
| (Decrease)/increase in cash and cash equivalents | 29 | | (23.7) | | 22.8 |
| NET FINANCING | | | (0.1) | | (6.0) |
| | | | | | |
| MOVEMENT IN NET BORROWINGS AND NET CASH FLOW | | | | | |
| Opening net borrowings | 20 | | 92.3 | | 84.0 |
| Closing net borrowings | 20 | | 82.6 | | 92.3 |
| Decrease/(increase) in net borrowings | | | 9.7 | | (8.3) |
| Capital element of finance lease repayments | | | 6.7 | | 3.0 |
| Proceeds of finance leases | 32 | | (13.8) | | – |
| Cash from minorities | | | (1.2) | | (0.7) |
| Shares issued | 23 | | (1.1) | | (1.1) |
| Exchange rate adjustments | | | (0.4) | | 1.1 |
| NET CASH OUTFLOW BEFORE FINANCING | | | (0.1) | | (6.0) |

Notes to the accounts are on pages 29 to 47

# Consolidated Profit and Loss Account

For the 52 weeks ended 28th December 1991

| | Notes | 1991 £m | 1990 £m |
|---|---|---|---|
| TURNOVER | 2 | 949.9 | 1,099.8 |
| Net operating costs | 3 | (909.0) | (1,012.0) |
| OPERATING PROFIT | | 40.9 | 87.8 |
| Interest payable (net) | 6 | (15.4) | (17.5) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 25.5 | 70.3 |
| Tax on profit on ordinary activities | 7 | (8.4) | (23.1) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 17.1 | 47.2 |
| Minority interests | | 0.3 | 0.7 |
| Profit on ordinary activities after taxation and minority interests | | 17.4 | 47.9 |
| Extraordinary items | 8 | (8.6) | (6.9) |
| PROFIT FOR THE FINANCIAL PERIOD | | 8.8 | 41.0 |
| Dividends | 10 | (24.1) | (24.0) |
| (TRANSFER FROM RESERVES)/ PROFIT RETAINED | 11 & 24 | (15.3) | 17.0 |
| | | pence | pence |
| EARNINGS PER SHARE | 12 | 8.43 | 23.38 |

Notes to the accounts are on pages 29 to 47

Movements on reserves are set out in note 24

# Consolidated Balance Sheet

As at 28th December 1993

| | Notes | 1993 | 1992 |
|---|---|---|---|
| | | £m | £m |
| FIXED ASSETS | | | |
| Tangible assets | 13 | 183.5 | 189.5 |
| Investments | 15 | 1.9 | 1.2 |
| TOTAL FIXED ASSETS | | 185.4 | 190.7 |
| CURRENT ASSETS | | | |
| Stocks | 16 | 157.6 | 208.0 |
| Debtors | 17 | 206.2 | 225.1 |
| Cash at bank and in hand | 20 | 34.4 | 43.1 |
| TOTAL CURRENT ASSETS | | 398.2 | 476.2 |
| CREDITORS amounts falling due within one year | | | |
| Operating creditors | 18 | (241.5) | (304.7) |
| Short term borrowings | 20 | (57.9) | (21.6) |
| TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR | | (299.4) | (326.3) |
| NET CURRENT ASSETS | | 98.8 | 149.9 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 284.2 | 340.6 |
| CREDITORS amounts falling due after more than one year | | | |
| Operating creditors | 18 | (14.5) | (2.1) |
| Medium and long term borrowings | 20 | (59.1) | (113.8) |
| TOTAL NET ASSETS EMPLOYED | | 210.6 | 224.7 |
| CAPITAL AND RESERVES | | | |
| Ordinary shares | 23 | 51.4 | 51.2 |
| Preference shares | 23 | 1.3 | 1.3 |
| Called up share capital | | 52.7 | 52.5 |
| Share premium account | 24 | 10.2 | 9.3 |
| Revaluation reserve | 24 | 33.5 | 33.5 |
| Profit and loss account | 24 | 112.2 | 126.9 |
| TOTAL CAPITAL AND RESERVES | | 208.6 | 222.2 |
| Minority interests | | 2.0 | 2.5 |
| TOTAL CAPITAL AND RESERVES AND MINORITY INTERESTS | | 210.6 | 224.7 |

G Davies Chairman

JD Eccles Deputy chairman

DL Milne Finance director

Notes to the accounts are on pages 29 to 47

# Company Balance Sheet

As at [illegible] December [illegible]

| | Notes | 1991 £m | 1990 £m |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 15 | 103.0 | 135.3 |
| **CURRENT ASSETS** | | | |
| Debtors | 17 | 306.7 | 309.4 |
| Cash at bank and in hand | 20 | 0.8 | 4.5 |
| **TOTAL CURRENT ASSETS** | | 307.5 | 313.9 |
| **CREDITORS** *amounts falling due within one year* | | | |
| Operating creditors | 18 | (77.7) | (133.6) |
| Short term borrowings | 20 | (58.1) | (8.8) |
| **TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR** | | (135.8) | (142.4) |
| **NET CURRENT ASSETS** | | 171.7 | 171.5 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 274.7 | 306.8 |
| **CREDITORS** amounts falling due after more than one year | | | |
| Medium and long term borrowings | 20 | (46.8) | (100.1) |
| **TOTAL NET ASSETS EMPLOYED** | | 227.9 | 206.7 |
| **CAPITAL AND RESERVES** | | | |
| Ordinary shares | 23 | 51.4 | 51.2 |
| Preference shares | 23 | 1.3 | 1.3 |
| Called up share capital | | 52.7 | 52.5 |
| Share premium account | 24 | 10.2 | 9.3 |
| Profit and loss account | 24 | 165.0 | 144.9 |
| **TOTAL CAPITAL AND RESERVES** | | 227.9 | 206.7 |

G Davies Chairman

JD Eccles Deputy chairman

DL Milne Finance director

Notes to the accounts are on pages 29 to 4[illegible]

# *Notes to the Accounts*

## 1 ACCOUNTING POLICIES

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

### BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention except where adjusted for revaluations of certain fixed assets, and in accordance with applicable Accounting Standards.

### 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 period and includes the results of subsidiaries and businesses acquired and sold during the period from or up to their effective date of acquisition or sale. The consolidated accounts also include the group's share of post-acquisition earnings and reserves of associated undertakings.

### ACQUISITIONS

Shares issued as consideration for the acquisition of companies have a fair value attributed to them, which is normally their market value at the date of acquisition. Net tangible assets acquired are consolidated at a fair value to the group. Differences arising between the purchase consideration and the fair value of the net tangible assets acquired are dealt with through consolidated reserves In the company accounts, where advantage can be taken of the merger relief rules, shares issued as consideration for acquisitions are accounted for at nominal value.

### RESEARCH AND DEVELOPMENT

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

### FOREIGN CURRENCIES

The profit and loss account items of overseas subsidiaries and related companies are translated into sterling using average exchange rates. Assets and liabilities in foreign currencies are translated at the mid-market rates of exchange ruling at the balance sheet date unless matched by forward contracts. Where the translation of overseas subsidiaries and associated undertakings, and any foreign currency borrowing used to finance them, gives rise to an exchange difference, this is taken direct to reserves. Other exchange differences are dealt with through the profit and loss account.

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost includes all appropriate production overheads and full provision is made for obsolete and slow moving items.

### DEPRECIATION

Depreciation is calculated using the straight line method on the cost or valuation 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 and machinery and fixtures, fittings, tools and equipment over a period of 4 to 10 years.

No depreciation is charged on freehold land or on assets in course of construction.

### DEFERRED TAXATION

Deferred taxation is taken into account to the extent that a liability will probably arise in the foreseeable future and is calculated at taxation rates expected to apply at that time. In the holding company and its subsidiaries the liability is assessed with reference to the individual company. On consolidation the liability is assessed with reference to the group as a whole.

### LEASES

Assets held under finance leases and hire purchase contracts are integrated with owned tangible fixed assets and the obligations relating thereto, excluding finance charges, are included in creditors. Costs in respect of operating leases are charged in arriving at the operating profit.

### PENSION COSTS

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services.

# Notes to the Accounts

## 2 PRINCIPAL ACTIVITIES

### SEGMENTAL ANALYSIS BY DIVISION 1991

| | Turnover | | | | |
|---|---|---|---|---|---|
| | Gross £m | Inter-Divisional £m | Net £m | Profit £m | Net Operating Assets £m |
| Consumer & Building Products | 171.2 | (0.1) | 171.1 | 8.5 | 37.9 |
| Plastics | 201.7 | (1.3) | 200.4 | 20.5 | 56.5 |
| Tubes & Fittings | 68.5 | (0.3) | 68.2 | (10.8) | 6.1 |
| Steels & Engineering | 261.1 | (2.1) | 259.0 | 10.1 | 70.9 |
| Metal Services | 252.8 | (2.2) | 250.6 | 7.0 | 43.2 |
| Properties | 13.2 | (12.6) | 0.6 | 8.5 | 95.3 |
| Other operations | — | — | — | (0.9) | (3.3) |
| Central costs | — | — | — | (2.0) | 5.6 |
| Interest | — | — | — | (15.4) | — |
| Tax and dividends | — | — | — | — | (19.0) |
| TOTAL GROUP | 968.5 | (18.6) | 949.9 | 25.5 | 293.2 |

### BY DIVISION 1990

| | Turnover | | | | |
|---|---|---|---|---|---|
| | Gross £m | Inter-Divisional £m | Net £m | Profit £m | Net Operating Assets £m |
| Consumer & Building Products | 182.7 | (0.1) | 182.6 | 17.8 | 45.5 |
| Plastics | 207.6 | (0.7) | 206.9 | 24.5 | 55.8 |
| Tubes & Fittings | 82.5 | (0.5) | 82.0 | (3.3) | 26.2 |
| Steels & Engineering | 319.3 | (2.6) | 316.7 | 29.6 | 80.6 |
| Metal Services | 277.7 | (2.1) | 275.6 | 11.6 | 47.8 |
| Properties | 11.6 | (10.9) | 0.7 | 7.8 | 94.7 |
| Other operations | 35.3 | — | 35.3 | 1.8 | 1.3 |
| Central costs | — | — | — | (2.0) | 4.0 |
| Interest | — | — | — | (17.5) | — |
| Tax and dividends | — | — | — | — | (38.9) |
| TOTAL GROUP | 1,116.7 | (16.9) | 1,099.8 | 70.3 | 317.0 |

The above tables reflect the changes in the management structure of the group during the year (see pages 8 and 9). The effect of the change is to reclassify certain operations between the Steels & Engineering and Tubes & Fittings divisions and the Metal Services division and other operations. The above analysis for 1990 has been restated to reflect the new structure.

An analysis of net operating assets is given on page 48.

# *Notes to the Accounts*

## PRINCIPAL ACTIVITIES (continued)

| GEOGRAPHICALLY 1991 | Turnover Gross £m | Inter-Region £m | Net £m | Profit £m | Net Operating Assets £m |
|---|---|---|---|---|---|
| United Kingdom | **728.1** | **(9.4)** | **718.7** | **31.4** | **239.4** |
| Europe | **67.9** | **(0.5)** | **67.4** | **3.9** | **27.3** |
| North America | **144.2** | **(2.4)** | **141.8** | **(0.8)** | **36.3** |
| Australia | **22.5** | **(0.5)** | **22.0** | **6.4** | **9.2** |
| Interest | **—** | **—** | **—** | **(15.4)** | **—** |
| Tax and dividends | **—** | **—** | **—** | **—** | **(19.0)** |
| TOTAL GROUP | **962.7** | **(12.8)** | **949.9** | **25.5** | **293.2** |

| GEOGRAPHICALLY 1990 | Turnover Gross £m | Inter-Region £m | Net £m | Profit £m | Net Operating Assets £m |
|---|---|---|---|---|---|
| United Kingdom | 852.4 | (16.5) | 835.9 | 72.6 | 280.9 |
| Europe | 86.2 | (0.4) | 85.8 | 4.7 | 24.7 |
| North America | 160.1 | (0.5) | 159.6 | 4.3 | 41.9 |
| Australia | 18.9 | (0.4) | 18.5 | 6.2 | 8.4 |
| Interest | — | — | — | (17.5) | — |
| Tax and dividends | — | — | — | — | (38.9) |
| TOTAL GROUP | 1,117.6 | (17.8) | 1,099.8 | 70.3 | 317.0 |

The turnover for North America consists of **£122.5 million** (1990 £125.4 million) in the USA and **£19.3 million** (1990 £34.2 million) in Canada.

| TURNOVER BY CUSTOMER LOCATION | 1991 £m | 1991 % | 1990 £m | 1990 % |
|---|---|---|---|---|
| North and South America | **155.9** | **16.4** | 176.1 | 16.0 |
| Europe (except United Kingdom) | **110.3** | **11.6** | 146.6 | 13.3 |
| Asia and Australasia | **21.6** | **2.3** | 22.9 | 2.1 |
| Middle East | **11.9** | **1.3** | 11.0 | 1.0 |
| Africa | **2.1** | **0.2** | 3.0 | 0.3 |
| Total overseas | **301.8** | **31.8** | 359.6 | 32.7 |
| United Kingdom | **648.1** | **68.2** | 740.2 | 67.3 |
| TOTAL TURNOVER | **949.9** | **100.0** | 1,099.8 | 100.0 |

Sales value of direct exports from the United Kingdom during the year was **£74 million** (1990 £99 million).

Exports from UK subsidiaries to overseas subsidiaries were an additional **£9.4 million**. (1990 £16.5 million).

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

# Notes to the Accounts

## 3 NET OPERATING COSTS

| | 1991 £m | 1990 £m |
|---|---|---|
| **NET OPERATING COSTS** | | |
| *Raw materials and consumables* | 510.3 | 643.3 |
| Staff costs (see note 5) | 188.2 | 197.0 |
| *Other operating charges* | 126.5 | 129.9 |
| Change in stocks of finished goods and work in progress | 31.9 | (8.0) |
| *Own work capitalised* | (0.8) | (2.7) |
| Other operating income | (6.5) | (9.4) |
| *Other external charges* | 37.3 | 40.4 |
| Depreciation and other amounts written off tangible fixed assets | 22.0 | 21.5 |
| *Share of losses in associated undertakings* | 0.1 | — |
| **TOTAL NET OPERATING COSTS** | 909.0 | 1,012.0 |
| Net operating costs include the following | | |
| **REORGANISATION AND REDUNDANCY** | 9.5 | 2.0 |
| **OPERATING LEASE RENTALS** | | |
| *Hire of plant, equipment and vehicles* | 5.2 | 4.7 |
| Other operating leases | 3.8 | 3.3 |
| **TOTAL OPERATING LEASE RENTALS** | 9.0 | 8.0 |
| **AUDITOR'S REMUNERATION** | 1.3 | 1.3 |
| Company £0.2 million (1990 £0.2 million) | | |
| **RESEARCH AND DEVELOPMENT** | 3.3 | 3.7 |

## 4 DIRECTORS' EMOLUMENTS OF GLYNWED INTERNATIONAL plc

| | £000 | £000 |
|---|---|---|
| As directors | 45 | 34 |
| As executives | 892 | 1,054 |
| **TOTAL DIRECTORS' EMOLUMENTS CHARGED** | 937 | 1,088 |

Directors' emoluments disclosed in accordance with Part I of Schedule 6 to the Companies Act 1985, and excluding pension contributions, are as follows

| | 1991 £ | 1990 £ |
|---|---|---|
| Chairman | 261,107 | 271,084 |
| Directors | Number of directors | |
| £ | | |
| 270,001 to 275,000 | — | 1 |
| 260,001 to 265,000 | 1 | — |
| 145,001 to 150,000 | — | 1 |
| 135,001 to 140,000 | 2 | 1 |
| 130,001 to 135,000 | 1 | 1 |
| 125,001 to 130,000 | — | 1 |
| 120,001 to 125,000 | 1 | 1 |
| 105,001 to 110,000 | — | 1 |
| 100,001 to 105,000 | 1 | — |
| 30,001 to 35,000 | 1 | — |
| 25,001 to 30,000 | — | 1 |
| 10,001 to 15,000 | 1 | 1 |
| *Total number of directors (including the Chairman)* | 8 | 9 |

## 5 EMPLOYEE INFORMATION

| | 1991 | 1990 |
|---|---|---|
| | Number of employees | |
| **AVERAGE NUMBER OF EMPLOYEES** | | |
| United Kingdom and Europe | 11,405 | 12,295 |
| United States of America | 687 | 760 |
| Canada | 207 | 314 |
| Australia | 314 | 346 |
| TOTAL (Including executive directors) | 12,613 | 13,715 |

| STAFF COSTS | £m | £m |
|---|---|---|
| Wages and salaries | 170.4 | 177.2 |
| Social security costs | 17.3 | 18.6 |
| Other pension costs | 0.5 | 1.2 |
| TOTAL STAFF COSTS (Including executive directors) | 188.2 | 197.0 |

PENSION COSTS

The group operates a number of pension schemes throughout the world. The main schemes, which cover the majority of UK employees, are defined benefit schemes and the assets are held in funds separate from the group's assets. The other schemes are relatively small in size and generally of a defined contribution nature.

The latest valuations of the main schemes were carried out by R Watson & Sons, consulting actuaries, as at 1st April 1989 using the projected unit credit method. The principal assumptions on which these valuations were based were that the investment return would be 2.5% greater than general salary increases and 5.0% greater than increases in future pension payments. The results of these valuations showed that the schemes had a market value of £287.3 million and were 177% funded.

The valuations have been used in assessing the expected cost of providing pensions for 1992 and future years.

In 1990 a review of the main UK pension funds led to a refund of £2.0 million, in accordance with actuarial advice. This refund has been accounted for in other operating charges.

## 6 INTEREST PAYABLE (NET)

| | 1991 | 1990 |
|---|---|---|
| | £m | £m |
| INTEREST PAYABLE AND SIMILAR CHARGES | | |
| On borrowings wholly repayable within five years (Other than by instalments) | 11.5 | 14.3 |
| On all other borrowings | 4.2 | 4.1 |
| On finance leases | 1.1 | 1.3 |
| TOTAL INTEREST PAYABLE AND SIMILAR CHARGES | 16.8 | 19.7 |
| LESS INTEREST RECEIVABLE AND SIMILAR INCOME | 1.4 | 2.2 |
| INTEREST PAYABLE (NET) | 15.4 | 17.5 |

## 7 TAXATION

| | 1991 | 1990 |
|---|---|---|
| | £m | £m |
| On the profit for the period | | |
| United Kingdom corporation tax (Based on a rate of 33.25%, 1990 35%) | 9.0 | 20.5 |
| Overseas taxation | 3.6 | 3.4 |
| Taxation on the profit of the period | 12.6 | 23.9 |
| Previous year adjustments | (4.2) | (0.8) |
| TOTAL TAX ON PROFIT ON ORDINARY ACTIVITIES | 8.4 | 23.1 |

## 8 EXTRAORDINARY ITEMS

| | 1991 £m | 1990 £m |
|---|---|---|
| Loss on disposal of business segment | 0.6 | 0.8 |
| Termination costs of business segments | 10.1 | 3.4 |
| Provision for loss on investment in an associated undertaking | — | 3.0 |
| Taxation applicable | (2.1) | (0.3) |
| NET EXTRAORDINARY ITEMS | 8.6 | 6.9 |

During the year the group has decided to discontinue the following business segments: the distribution in Canada of stainless steel and aluminium; the manufacture in Italy of thermoplastic pipe; metals dealing; and the merchanting of special steels. The disposal in Canada was completed during the year. Where discontinuance was by way of termination, the implementation of those decisions commenced during the year. The termination costs of the joint venture in Italy are shown after deducting £2.4 million which is attributable to the minority shareholder.

## 9 PROFIT FOR THE PERIOD

Group profit after taxation, minority interests and extraordinary items for the period was £8.8 million (1990 £41.0 million). Glynwed International plc has taken advantage of section 230(3) of the Companies Act 1985 and has not included its own profit and loss statement in these accounts: its corresponding profit was £44.3 million (1990 £34.2 million).

## 10 DIVIDENDS

| | | 1991 £m | 1990 £m |
|---|---|---|---|
| ORDINARY DIVIDENDS | | | |
| Interim dividend paid of 4.15p per share | (1990 4.15p) | 8.6 | 8.5 |
| *Proposed final dividend of 7.50p per share* | (1990 7.50p) | 15.4 | 15.4 |
| TOTAL ORDINARY DIVIDENDS OF 11.65p PER SHARE | (1990 11.65p) | 24.0 | 23.9 |
| Preference dividends 5.425% | | 0.1 | 0.1 |
| TOTAL DIVIDENDS | | 24.1 | 24.0 |

## 11 (TRANSFER FROM RESERVES)/ PROFIT RETAINED

| | 1991 £m | 1990 £m |
|---|---|---|
| Glynwed International plc | 20.2 | 10.2 |
| Subsidiary companies | (35.5) | 6.8 |
| TOTAL (TRANSFER FROM RESERVES)/ PROFIT RETAINED | (15.3) | 17.0 |

## 12 CALCULATION OF EARNINGS PER SHARE

The calculations of earnings per ordinary share are based on earnings of £17.3 million (1990 £47.8 million) and an average of 205.3 million (1990 204.4 million) ordinary shares of 25p each in issue. Earnings are derived by deducting preference dividends of £0.1 million (1990 £0.1 million) from the profit after taxation and minority interests of £17.4 million (1990 £47.9 million).

## 13 TANGIBLE FIXED ASSETS

| | Land and buildings | | | Plant and machinery | Fixtures, fittings, tools and equipment | 1991 Total tangible fixed assets | 1990 Total tangible fixed assets |
|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold Long | Leasehold Short | | | | |
| | £m | £m | £m | £m | £m | £m | £m |
| **COST AND VALUATION** | | | | | | | |
| At beginning of period | 88.9 | 7.0 | 1.7 | 169.4 | 57.0 | 324.0 | 274.1 |
| Exchange adjustments | 0.2 | — | — | 0.6 | 0.2 | 1.0 | (6.8) |
| Businesses acquired | — | — | — | 0.2 | — | 0.2 | 2.1 |
| Additions at cost | 3.7 | 0.2 | 0.1 | 13.7 | 6.0 | 23.7 | 39.8 |
| Disposals | (3.0) | — | (0.1) | (10.3) | (5.7) | (19.1) | (12.2) |
| Surplus on revaluation | — | — | — | — | — | — | 27.0 |
| At end of period | 89.8 | 7.2 | 1.7 | 173.6 | 57.5 | 329.8 | 324.0 |
| Cost | 7.6 | 1.2 | 1.1 | 172.4 | 57.3 | 239.6 | 232.8 |
| Professional valuations | | | | | | | |
| 1990 | 71.7 | 3.6 | — | — | — | 75.3 | 75.3 |
| Previous years | 10.2 | 2.4 | 0.6 | 0.1 | — | 13.3 | 14.3 |
| Directors' valuations | 0.3 | — | — | 1.1 | 0.2 | 1.6 | 1.6 |
| At end of period | 89.8 | 7.2 | 1.7 | 173.6 | 57.5 | 329.8 | 324.0 |
| **ACCUMULATED DEPRECIATION** | | | | | | | |
| At beginning of period | 1.4 | 0.2 | 0.9 | 96.8 | 35.2 | 134.5 | 125.7 |
| Exchange adjustments | — | — | — | 0.4 | 0.1 | 0.5 | (3.0) |
| Businesses acquired | — | — | — | — | — | — | 0.3 |
| Provision for the period | 1.1 | 0.2 | 0.1 | 12.8 | 7.8 | 22.0 | 21.5 |
| Disposals | (0.2) | (0.1) | — | (5.8) | (4.6) | (10.7) | (7.6) |
| Revaluation elimination | — | — | — | — | — | — | (2.4) |
| At end of period | 2.3 | 0.3 | 1.0 | 104.2 | 38.5 | 146.3 | 134.5 |
| **NET BOOK VALUE** | | | | | | | |
| At end of period | 87.5 | 6.9 | 0.7 | 69.4 | 19.0 | 183.5 | 189.5 |
| At beginning of period | 87.5 | 6.8 | 0.8 | 72.6 | 21.8 | 189.5 | 148.4 |

Included in the cost of tangible fixed assets is £2.1 million (1990 £20.0 million) in respect of assets in course of construction.

The historical cost of tangible fixed assets amounts to £302.1 million (1990 £301.4 million) and the accumulated depreciation thereon is £153.9 million (1990 £142.4 million), giving a net historical book value of £148.2 million (1990 £159.0 million).

The net book value of tangible fixed assets includes £16.1 million (1990 £7.3 million) in respect of assets held under finance leases. Depreciation for the period on those assets was £3.5 million (1990 £2.4 million).

## 14 COMMITMENTS

| | Group 1991 | Group 1990 |
|---|---|---|
| **CAPITAL COMMITMENTS** | £m | £m |
| Authorised by the board but not contracted for | 3.0 | 6.3 |
| Contracted for but not provided in the accounts | 1.8 | 6.9 |
| **TOTAL CAPITAL COMMITMENTS** | 4.8 | 13.2 |

# Notes to the Accounts

## 14 COMMITMENTS (continued)

**OPERATING LEASE COMMITMENTS FOR 1992**

| | Land and buildings 1991 £m | Land and buildings 1990 £m | Other operating leases 1991 £m | Other operating leases 1990 £m |
|---|---|---|---|---|
| For leases expiring | | | | |
| Within one year | 0.2 | 0.2 | 1.0 | 0.6 |
| Between one and two years | 0.9 | 1.1 | 1.2 | 0.6 |
| Between two and five years | 1.2 | 1.8 | 0.9 | 1.2 |
| After more than five years | 4.3 | 3.5 | 0.7 | – |
| TOTAL OPERATING LEASE COMMITMENTS | 6.6 | 6.6 | 3.8 | 2.4 |

Glynwed International plc has no capital or operating lease commitments (1990 nil).

## 15 INVESTMENTS

| GROUP | Share of net assets of associated undertakings £m | Other investments £m | Total £m |
|---|---|---|---|
| FIXED ASSET INVESTMENTS | | | |
| At beginning of period | – | 1.2 | 1.2 |
| Share of net loss | (0.1) | – | (0.1) |
| Movement in period | 0.5 | 0.3 | 0.8 |
| At end of period | 0.4 | 1.5 | 1.9 |
| Listed (market value £0.2 million) | – | 0.2 | 0.2 |
| Unlisted | 0.4 | 1.3 | 1.7 |
| At end of period | 0.4 | 1.5 | 1.9 |

| COMPANY | Cost of shares £m | Provisions £m | Net book value £m | Amounts due from subsidiaries £m | Amounts due (to) subsidiaries £m | Total £m |
|---|---|---|---|---|---|---|
| SUBSIDIARIES | | | | | | |
| At beginning of period | 159.3 | (24.4) | 134.9 | 288.9 | (112.5) | 311.3 |
| Transfers to other group companies | (28.7) | – | (28.7) | – | – | (28.7) |
| Movements during period | – | (3.3) | (3.3) | (3.4) | 54.5 | 47.8 |
| At end of period | 130.6 | (27.7) | 102.9 | 285.5 | (58.0) | 330.4 |
| OTHER INVESTMENTS | | | | | | |
| At beginning of period | 0.4 | – | 0.4 | – | – | 0.4 |
| Net transfers to other group companies | (0.3) | – | (0.3) | – | – | (0.3) |
| At end of period | 0.1 | – | 0.1 | – | – | 0.1 |
| TOTAL INVESTMENTS | | | | | | |
| At end of period | 130 7 | (27.7) | 103.0 | 285.5 | (58.0) | 330.5 |
| At beginning of period | 159.7 | (24.4) | 135.3 | 288.9 | (112.5) | 311.7 |

The cost of shares in subsidiaries as reported last year has been adjusted to reflect the revised treatment of accounting for acquisitions where shares have been issued as consideration. The nominal value of shares issued has been used to determine the cost (see note 24).

In the 1990 balance sheet for the company, as previously published, all balances with subsidiaries were included under investments. In the 1991 balance sheet only the cost of subsidiaries less any provision has been included in investments; amounts owed by subsidiaries have been included in debtors and amounts owed to subsidiaries have been included in creditors. The 1990 balance sheet has been restated on the same basis as 1991.

## 16 STOCKS

| | 1991 £m | 1990 £m |
|---|---|---|
| Raw materials and consumables | 27.2 | 40.2 |
| Work in progress | 20.0 | 22.1 |
| Finished goods and goods for re-sale | 110.4 | 145.7 |
| TOTAL STOCKS | 157.6 | 208.0 |

## 17 DEBTORS

| | Group 1991 £m | Group 1990 £m | Company 1991 £m | Company 1990 £m |
|---|---|---|---|---|
| **AMOUNTS FALLING DUE WITHIN ONE YEAR** | | | | |
| Trade debtors | 180.1 | 198.1 | — | — |
| Amounts owed by group undertakings | — | — | 285.5 | 288.9 |
| Other debtors | 12.0 | 12.6 | 0.1 | — |
| Prepayments and accrued income | 9.0 | 9.3 | — | 0.4 |
| Advance corporation tax | — | — | 16.0 | 15.0 |
| **TOTAL DEBTORS FALLING DUE WITHIN ONE YEAR** | 201.1 | 220.0 | 301.6 | 304.3 |
| **AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | | | | |
| Advance corporation tax | 5.1 | 5.1 | 5.1 | 5.1 |
| **TOTAL DEBTORS** | 206.2 | 225.1 | 306.7 | 309.4 |

## 18 OPERATING CREDITORS

| | Group 1991 £m | Group 1990 £m | Company 1991 £m | Company 1990 £m |
|---|---|---|---|---|
| **AMOUNTS FALLING DUE WITHIN ONE YEAR** | | | | |
| Trade creditors | 139.5 | 184.2 | — | — |
| Bills of exchange payable | 9.1 | 8.6 | — | — |
| Amounts owed to group undertakings | — | — | 58.0 | 112.5 |
| Social security | 2.5 | 3.0 | — | — |
| Dividends payable | 15.4 | 15.4 | 15.4 | 15.4 |
| Accruals and deferred income | 41.1 | 33.7 | 1.4 | 1.2 |
| Taxation | 8.7 | 28.6 | 2.5 | 3.9 |
| Other creditors | 22.7 | 24.5 | 0.4 | 0.6 |
| Finance leases | 2.5 | 6.7 | — | — |
| **TOTAL OPERATING CREDITORS FALLING DUE WITHIN ONE YEAR** | 241.5 | 304.7 | 77.7 | 133.6 |
| **AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | | | | |
| Finance leases | 14.5 | 2.1 | — | — |
| **TOTAL OPERATING CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR** | 14.5 | 2.1 | — | — |

## 19 OBLIGATIONS UNDER FINANCE LEASES

| | 1991 £m | 1990 £m |
|---|---|---|
| **GROUP** | | |
| Payable after more than five years | 8.9 | — |
| Payable between two and five years | 3.9 | 0.8 |
| Payable between one and two years | 1.7 | 1.3 |
| Total payable after more than one year | 14.5 | 2.1 |
| Payable within one year | 2.5 | 6.7 |
| **TOTAL OBLIGATIONS UNDER FINANCE LEASES** | 17.0 | 8.8 |

## 20 BORROWINGS

| | 1991 Bank £m | 1991 Other Secured £m | 1991 Other Unsecured £m | 1991 Total borrowings £m | 1990 Bank £m | 1990 Other Secured £m | 1990 Other Unsecured £m | 1990 Total borrowings £m |
|---|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | | |
| TOTAL FALLING DUE WITHIN ONE YEAR | 57.7[1] | 0.1 | 0.1 | 57.9 | 21.1[1] | 0.1 | 0.4 | 21.6 |
| AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | | | | | | |
| 7.5% Debenture Stock 1989/94 | — | 1.4 | — | 1.4 | — | 1.5 | — | 1.5 |
| *Other | 21.2 | 0.1 | 0.3 | 21.6 | 73.7 | 0.2 | 2.3 | 76.2 |
| Wholly repayable within five years | 21.2 | 1.5 | 0.3 | 23.0 | 73.7 | 1.7 | 2.3 | 77.7 |
| Repayable after more than five years other than by instalments | | | | | | | | |
| 10.75% Loan Stock 1994/99 | — | — | 5.7 | 5.7 | — | — | 5.7 | 5.7 |
| *Other | 26.1 | 0.1 | 4.2 | 30.4 | 25.1 | 0.1 | 5.2 | 30.4 |
| Total falling due after more than five years | 26.1 | 0.1 | 9.9 | 36.1 | 25.1 | 0.1 | 10.9 | 36.1 |
| TOTAL FALLING DUE AFTER MORE THAN ONE YEAR | 47.3[2] | 1.6 | 10.2 | 59.1 | 98.8[2] | 1.8 | 13.2 | 113.8 |
| TOTAL BORROWINGS | 105.0 | 1.7 | 10.3 | 117.0 | 119.9 | 1.9 | 13.6 | 135.4 |
| CASH AT BANK AND IN HAND | | | | (34.4) | | | | (43.1) |
| TOTAL NET BORROWINGS | | | | 82.6 | | | | 92.3 |

| | 1991 Bank £m | 1991 Other Secured £m | 1991 Other Unsecured £m | 1991 Total borrowings £m | 1990 Bank £m | 1990 Other Secured £m | 1990 Other Unsecured £m | 1990 Total borrowings £m |
|---|---|---|---|---|---|---|---|---|
| **COMPANY** | | | | | | | | |
| TOTAL FALLING DUE WITHIN ONE YEAR | 58.1 | — | — | 58.1 | 8.8 | — | — | 8.8 |
| AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | | | | | | |
| 7.5% Debenture Stock 1989/94 | — | 1.4 | — | 1.4 | — | 1.5 | — | 1.5 |
| *Other | 10.7 | — | — | 10.7 | 63.8 | — | — | 63.8 |
| Wholly repayable within five years | 10.7 | 1.4 | — | 12.1 | 63.8 | 1.5 | — | 65.3 |
| Repayable after more than five years other than by instalments | | | | | | | | |
| 10.75% Loan Stock 1994/99 | — | — | 5.7 | 5.7 | — | — | 5.7 | 5.7 |
| *Other | 25.0 | — | 4.0 | 29.0 | 25.0 | — | 4.1 | 29.1 |
| Total falling due after more than five years | 25.0 | — | 9.7 | 34.7 | 25.0 | — | 9.8 | 34.8 |
| TOTAL FALLING DUE AFTER MORE THAN ONE YEAR | 35.7 | 1.4 | 9.7 | 46.8 | 88.8 | 1.5 | 9.8 | 100.1 |
| TOTAL BORROWINGS | 93.8 | 1.4 | 9.7 | 104.9 | 97.6 | 1.5 | 9.8 | 108.9 |
| CASH AT BANK AND IN HAND | | | | (0.8) | | | | (4.5) |
| TOTAL NET BORROWINGS | | | | 104.1 | | | | 104.4 |

* Interest rates are not more than the appropriate market rate.

[1] Includes £1.1 million (1990 £0.4 million) secured.

[2] Includes £0.2 million (1990 £1.1 million) secured.

Subsidiaries' secured borrowings are secured on the property and assets of those subsidiaries.

## 20 BORROWINGS (continued)

| | Group 1991 £m | Group 1990 £m | Company 1991 £m | Company 1990 £m |
|---|---|---|---|---|
| **LISTED DEBT, BANK AND OTHER BORROWINGS** | | | | |
| **LISTED DEBT** | | | | |
| 7.5% Debenture Stock 1989/94 | 1.4 | 1.5 | 1.4 | 1.5 |
| 10.75% Loan Stock 1994/99 | 5.7 | 5.7 | 5.7 | 5.7 |
| TOTAL LISTED DEBT | 7.1 | 7.2 | 7.1 | 7.2 |
| TOTAL OTHER BORROWINGS | 4.9 | 8.3 | 4.0 | 4.1 |
| TOTAL LISTED DEBT AND OTHER BORROWINGS | 12.0 | 15.5 | 11.1 | 11.3 |
| TOTAL BANK BORROWINGS | 105.0 | 119.9 | 93.8 | 97.6 |
| TOTAL BORROWINGS | 117.0 | 135.4 | 104.9 | 108.9 |
| CASH AT BANK AND IN HAND | (34.4) | (43.1) | (0.8) | (4.5) |
| TOTAL NET BORROWINGS | 82.6 | 92.3 | 104.1 | 104.4 |

All loan capital is repayable at par on maturity.

ANALYSIS OF MATURITY OF BORROWINGS

| | 1991 Bank £m | 1991 Other £m | 1991 Total £m | 1990 Bank £m | 1990 Other £m | 1990 Total £m |
|---|---|---|---|---|---|---|
| **GROUP** | | | | | | |
| Repayable after five years | 26.1 | 10.0 | 36.1 | 25.1 | 11.0 | 36.1 |
| Repayable between two and five years | 19.1 | 1.7 | 20.8 | 72.2 | 3.4 | 75.6 |
| Repayable between one and two years | 2.1 | 0.1 | 2.2 | 1.5 | 0.6 | 2.1 |
| Total repayable after more than one year | 47.3 | 11.8 | 59.1 | 98.8 | 15.0 | 113.8 |
| Repayable within one year | 57.7 | 0.2 | 57.9 | 21.1 | 0.5 | 21.6 |
| TOTAL BORROWINGS | 105.0 | 12.0 | 117.0 | 119.9 | 15.5 | 135.4 |
| **COMPANY** | | | | | | |
| Repayable after five years | 25.0 | 9.7 | 34.7 | 25.0 | 9.8 | 34.8 |
| Repayable between two and five years | 10.7 | 1.4 | 12.1 | 63.8 | 1.5 | 65.3 |
| Total repayable after more than one year | 35.7 | 11.1 | 46.8 | 88.8 | 11.3 | 100.1 |
| Repayable within one year | 58.1 | — | 58.1 | 8.8 | — | 8.8 |
| TOTAL BORROWINGS | 93.8 | 11.1 | 104.9 | 97.6 | 11.3 | 108.9 |

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.

## 21 CONTINGENT LIABILITIES

The parent company has given a number of financial and performance guarantees on behalf of subsidiaries: the relevant liabilities are included in the consolidated balance sheet.

## 22 DEFERRED TAXATION

| | Provided 1991 £m | Provided 1990 £m | Potential unprovided 1991 £m | Potential unprovided 1990 £m |
|---|---|---|---|---|
| Timing differences mainly between tax allowances and depreciation | 1.6 | 0.9 | 7.3 | 9.3 |
| Other timing differences | (1.6) | (0.9) | (2.7) | (1.8) |
| Corporation tax payable if properties were disposed of at revalued amounts | — | — | 5.1 | 5.4 |
| TOTAL DEFERRED TAXATION | — | — | 9.7 | 12.9 |

## 23 SHARE CAPITAL

| | Ordinary shares of 25p each 1991 | Ordinary shares of 25p each 1990 | 5.425% Cumulative preference shares of £1 each 1991 | 5.425% Cumulative preference shares of £1 each 1990 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| VALUE | | | | |
| Authorised | 74.5 | 74.5 | 1.3 | 1.3 |
| Issued | 51.4 | 51.2 | 1.3 | 1.3 |
| | million | million | million | million |
| NUMBER | | | | |
| Authorised | 297.8 | 297.8 | 1.3 | 1.3 |
| Issued | 205.5 | 205.0 | 1.3 | 1.3 |

During the period 0.5 million ordinary shares of 25p each were issued in connection with the company's share option schemes, for an aggregate consideration of £1.1 million.

Under the Glynwed International Senior Executive Share Option Scheme, at 28th December 1991 options had been granted and were outstanding as set out below:

| Number of ordinary shares | Option price p per share | Exercisable in the 7 years to |
|---|---|---|
| 545,500 | 200.5 | May 1996 |
| 643,500 | 264 | April 1997 |
| 463,950 | 304 | April 1998 |
| 30,000 | 284 | September 1998 |
| 2,162,000 | 308 | September 1999 |

Under the Glynwed International Savings-Related Share Option Scheme, at 28th December 1991 options had been granted and were outstanding in respect of 483,406 ordinary shares at 238.6p per share exercisable ordinarily in the six months to November 1992; and 1,642,323 ordinary shares at 244.0p per share exercisable ordinarily in the six months to April 1994.

A further grant of options, which will be exercisable ordinarily in the six months to November 1997, is to be made shortly.

## 24 RESERVES

| | Share premium £m | Revaluation reserve £m | Profit and loss account £m | Total £m |
|---|---|---|---|---|
| **GROUP** | | | | |
| At beginning of period | 9.3 | 33.5 | 126.9 | 169.7 |
| Exchange differences | — | — | 0.8 | 0.8 |
| Premium on shares issued | 0.9 | — | — | 0.9 |
| Goodwill written oft arising from acquisitions | — | — | (0.2) | (0.2) |
| Transfer to profit and loss account | — | — | (15.3) | (15.3) |
| AT END OF PERIOD | 10.2 | 33.5 | 112.2 | 155.9 |
| **COMPANY** | | | | |
| At beginning of period | 9.3 | — | 144.9 | 154.2 |
| Exchange differences | — | — | (0.1) | (0.1) |
| Premium on shares issued | 0.9 | — | — | 0.9 |
| Profit retained | — | — | 20.2 | 20.2 |
| AT END OF PERIOD | 10.2 | — | 165.0 | 175.2 |

The company's other reserves as reported last year have been eliminated as a result of a revised treatment of accounting for acquisitions. Where shares have been issued as consideration, the nominal value of shares issued has now been used where merger relief is available.

The difference between the nominal value and the market value of ordinary shares issued as consideration for the acquisition of subsidiaries was £111.7 million (see note 15).

| | Book and fair value £m |
|---|---|
| GOODWILL ARISING FROM ACQUISITIONS | |
| ASSETS PURCHASED | |
| Tangible fixed assets | 0.2 |
| NET OPERATING ASSETS ACQUIRED | 0.2 |
| CASH PAID FOR ACQUISITIONS IN 1991 | 0.4 |
| GOODWILL | 0.2 |

The cumulative amount of goodwill written off to reserves in respect of continuing businesses since 1984 is £168.6 million.

In accordance with SSAP 20 exchange losses of £0.2 million (1990 gain of £3.5 million) arising from the translation of foreign currency borrowing used to finance foreign currency investments, have been offset as reserves movements against exchange differences arising on the retranslation of the net investment.

## 25 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 1991 £m | 1990 £m |
|---|---|---|
| Operating profit | 40.9 | 87.8 |
| *Add back* Reorganisation and redundancy costs | 9.5 | 2.0 |
| Operating profit before reorganisation and redundancy costs | 50.4 | 89.8 |
| Cash paid for reorganisation and redundancy | (6.2) | (1.7) |
| Shares of losses in associated undertakings | 0.1 | — |
| Depreciation charges | 22.0 | 21.5 |
| Profit on sale of tangible fixed assets | (1.4) | (1.4) |
| Decrease/(increase) in stocks | 47.7 | (1.6) |
| Decrease in debtors | 16.9 | 21.2 |
| (Decrease) in creditors | (42.5) | (3.4) |
| NET CASH INFLOW FROM OPERATIONS | 87.0 | 124.4 |

## 26 NET INTEREST

| | 1991 £m | 1990 £m |
|---|---|---|
| Interest received | 1.1 | 2.2 |
| Interest paid | (15.3) | (18.6) |
| Interest element of finance lease rentals | (1.1) | (1.3) |
| NET INTEREST | (15.3) | (17.7) |
| Interest charge per profit and loss account | (15.4) | (17.5) |
| Movement in prepayments and accruals | 0.1 | (0.2) |
| NET INTEREST | (15.3) | (17.7) |

## 27 INVESTING ACTIVITIES

| | 1991 £m | 1990 £m |
|---|---|---|
| Purchase of tangible fixed assets | (22.6) | (37.3) |
| Cash paid for acquisitions | | |
| Previous periods | (0.3) | (8.5) |
| Current period | (0.4) | (3.7) |
| Purchase of investments | (0.3) | (0.2) |
| Disposal of fixed assets | 9.5 | 5.3 |
| Cash received from disposal of businesses | | |
| Previous periods | 0.2 | 0.8 |
| Current period | 3.9 | 1.5 |
| Net cash outflows in respect of unsuccessful takeover bids | — | (0.4) |
| Cashflow re discontinued activities | (11.3) | (2.8) |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | (21.3) | (45.3) |

# *Notes to the Accounts*

| 28 MOVEMENT IN FINANCING (INFLOW) OUTFLOW | 1991 £m | 1990 £m |
|---|---|---|
| Issue of ordinary share capital | (1.1) | (1.1) |
| Cash from minority interests | (1.2) | (0.7) |
| Loans repaid/(advanced) | 33.0 | (30.0) |
| Proceeds of finance leases (note 32) | (13.8) | — |
| Capital element of finance lease repayments | 6.7 | 3.0 |
| MOVEMENT IN FINANCING | 23.6 | (28.8) |

| 29 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD | 1991 £m | 1990 £m |
|---|---|---|
| Balance at beginning of period | 22.9 | 1.2 |
| Balance at end of period | (0.4) | 22.9 |
| Movement in cash and cash equivalents (note 30) | (23.3) | 21.7 |
| Exchange rate adjustments | (0.4) | 1.1 |
| (Decrease)/increase in cash and cash equivalents | (23.7) | 22.8 |

| 30 ANALYSIS OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET | 1991 £m | 1990 £m | Change in period £m |
|---|---|---|---|
| CURRENT PERIOD | | | |
| Bank borrowings due within one year (note 20) | (57.7) | (21.1) | (36.6) |
| Borrowings due more than 3 months from inception | 22.9 | 0.9 | 22.0 |
| Borrowings due less than 3 months from inception | (34.8) | (20.2) | (14.6) |
| Cash at bank (note 20) | 34.4 | 43.1 | (8.7) |
| Cash and cash equivalents | (0.4) | 22.9 | (23.3) |

| | 1990 £m | 1989 £m | Change in period £m |
|---|---|---|---|
| PRIOR PERIOD | | | |
| Bank borrowings due within one year (note 20) | (21.1) | (31.1) | 10.0 |
| Borrowings due more than 3 months from inception | 0.9 | 3.3 | (2.4) |
| Borrowings due less than 3 months from inception | (20.2) | (27.8) | 7.6 |
| Cash at bank (note 20) | 43.1 | 29.0 | 14.1 |
| Cash and cash equivalents | 22.9 | 1.2 | 21.7 |

## 31 ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

| | Share capital and premium £m | Total borrowings £m | Finance lease obligations £m |
|---|---|---|---|
| **CURRENT PERIOD** | | | |
| Balance at beginning of period | 61.8 | 135.4 | 8.8 |
| Balance at end of period | (62 9) | (117.0) | (17.0) |
| Cashflow included in movements in cash and cash equivalents (note 30) | — | 14.6 | — |
| *Finance lease contracts taken out (note 32)* | — | — | 14.9 |
| Cash inflows from financing (note 28) | (1.1) | 33.0 | 6.7 |
| **PRIOR PERIOD** | | | |
| Balance at beginning of period | 60.7 | 113.0 | 9.3 |
| Balance at end of period | (61.8) | (135.4) | (8.8) |
| Cashflow included in movements in cash and cash equivalents (note 30) | — | (7.6) | — |
| Finance lease contracts take out (note 32) | — | — | 2.5 |
| Cash inflows from financing (note 28) | (1.1) | (30.0) | 3.0 |

## 32 MAJOR NON-CASH TRANSACTIONS

During the period the group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £14.9 million (1990 £2.5 million). Of this, £13.8 million relates to a already purchased by the group and this resulted in a cash inflow (See note 28).

## 33 SALE OF BUSINESSES

| | 1991 £m |
|---|---|
| Fixed assets | 0.3 |
| Stocks | 2.1 |
| Debtors | 3.2 |
| Creditors | (1.3) |
| | 4.3 |
| Cash received from current period disposals | 3.9 |
| LOSS ON DISPOSAL (NET OF TAXATION) | 0.4 |

## 34 TRADING SUBSIDIARIES

The following is a list of the company's principal trading subsidiaries at 28th December 1991, and a brief description of their current activities. The capital in each case consists, unless otherwise stated, wholly of ordinary shares or common stock. Where subsidiaries are not wholly owned the percentage of capital owned is stated in brackets.

Unless otherwise stated the companies are registered in England and operate in the United Kingdom.

### CONSUMER & BUILDING PRODUCTS DIVISION

GLYNWED CONSUMER & BUILDING PRODUCTS LIMITED† *trading as:*

Aga-Rayburn — high quality domestic multi-fuel cooking and heating appliances.
Drainage Systems — distributors of a wide range of drainage products.
Falcon Catering Equipment — commercial catering equipment for every size and type of institution and retail outlet.
Flavel-Leisure — leading manufacturers of a wide range of gas/electric cookers and gas fires.
Glynwed Foundries — cast iron rain-water, soil and drainage systems; cast iron and fabricated steel access covers and equipment; street furniture.
Kohlangaz — Europe's leading fuel effect gas fire manufacturer.
Leisure — leading kitchen sink manufacturer in stainless steel, enamelled steel and Velstra composition materials; shower cubicles.
Wholesale Catering Equipment UK — distributors of commercial catering equipment.

***Cassart Special Products SA**† (Belgium) — distributors of products for the building and construction industry in ductile iron, grey iron and steel.
***Cooper & Turner Inc** (USA) — U.S distributor of Glynwed consumer products (AGA cookers and Coalbrookdale stoves).
***Glynwed Australia Pty Limited**† (Australia) — Australian distributor of Glynwed consumer products.

**Adeptal Systems Limited** — fabricator of Isosystems window and door systems.
***API Timbron SA** (Belgium) — extruders of a range of plastic materials (including uPVC and Timbron) for the building industry.
***Aquadart Limited** — shower screen manufacturer.
***Dimatsystemes SA** (France) — fabricators of replacement window and door systems.
***Ford & Barley Exhibitions Limited** — exhibition stand designers and constructors.
***Leavlite Electropaint Limited** — processing and finishing of metal and plastic extrusions.
***Metoxal U.K. Limited** — specialist colour coatings for aluminium extrusions.*
**Plexite Limited** — manufacturer of Timbron, the polystyrene based, high quality substitute for hardwood.

### PLASTICS DIVISION

GLYNWED PLASTICS LIMITED *trading as:*

Capper P-C — UK distribution network for thermoplastic pressure pipework systems.
Durapipe — manufacturer of pressure pipework systems in PVC, ABS polyethylene, polypropylene and other thermoplastic materials.
MCA-Calder — manufacture, hire and repair of thermoplastic pipe jointing equipment.
Townsend Polymer Engineering — manufacturer of precision moulded rubber components.
Vulcathene — manufacturers of polyethylene and polypropylene chemical waste drainage systems, Gascoil electrofusion systems and injection mouldings.

***Amari Plastics plc** — UK distributors of plastic sheet and rod.
***Enfield Industrial Corp** (USA) — manufacturer and distributor of thermoplastic pipework systems in the USA.
***FIP Formatura Iniezione Polimeri Srl**† (Italy) — manufacturer of a wide range of thermoplastic pressure pipe fittings and valves.
***Harrington Industrial Plastics Inc** (USA) — distributors of thermoplastic pipework systems.
***Philmac Pty Limited** (Australia) — manufacturer of plastic fittings for application in water distribution and irrigation systems worldwide.
***Port Plastics Inc** (USA) — distributors of plastic sheet.
***S.A.M. Innoge** (Monaco) — manufacturer of polyethylene electrofusion systems.

### TUBES & FITTINGS DIVISION

GLYNWED TUBES & FITTINGS LIMITED *trading as:*

Albion — manufacturers of domestic hot water cylinders and storage systems.
Wednesbury Tube — manufacturer of domestic water, plastic-coated, engineering and medical copper pipe.

## 34 TRADING SUBSIDIARIES (continued)

### STEELS & ENGINEERING DIVISION

GLYNWED STEELS LIMITED *trading as*

Cashmores Scrap — scrap metal processing.
*Ductile Cold Mill* — *precision, cold rolled steel strip.*
Ductile Hot Mill — hot rolled steel strip and flats.
Ductile Steel Processors — steel coil pickling and slitting; chemical and mechanical laboratory testing services.
The Dudley Port Rolling Mill — hot rolled steel bars, flats and an extensive range of special sections.
Firth Cleveland Steel Strip — high carbon, cold rolled, hardened and tempered steel strip.
GB Steel Bar — cold finished, bright drawn, turned, ground carbon alloys and stainless steel.
George Gadd & Co — hot rolled steel bars, flats and sections.
J.B. & S. Lees — specialist, cold rolled steel strip processors under the Trident brand and producers of bi-metal steel strip for metal cutting bandsaws and power hacksaws.
Joseph Gillott & Sons — hot rolled steel bars and sections.
Longmore Brothers — bright drawn steel, steel conduit and precision tubes.
*Macreadys — UK distributor of bright and black carbon and alloy steels, stainless steel, silver steel,* ground flat stock and tool steels.
Stourbridge Rolling Mills — precision cold rolled steel strip.
W. Wesson — hot rolled steel strip, flats and bars; cold rolled steel strip; bright drawn steel bar and wire; bright machined edge flats and bright machined squares.

***Firth Cleveland Steels Inc (USA)** — US distributor of Firth Cleveland steel strip.
***J.B.& S. Lees Gmbh (Germany)** — West German distributor of J.B. & S. Lees' steel strip.
***J.B. & S. Lees Inc (USA)** — US distributor of Trident steel strip.

GLYNWED ENGINEERING LIMITED *trading as:*

Ansell Jones — manufacturer of specialist lifting and marine equipment.
Ductile Sections — cold rolled, formed sections, perforated steel strip and general presswork, electrical cable trays and support systems.
Oddbolt — *manufacturer and stockist of special and non-standard fastenings.*
Steelway-Fensecure — steel flooring, stairways, security fencing and fabrications.
Tower Manufacturing — manufacturer of cable clips, masonry nails, wall plugs, forged products and rivets.

***La Dauphinoise SA (France)** — manufacturer of plastic and associated components.
***Paul Fabrications Limited** — manufacturer of precision components and fabrications for high-tech industry.

GLYNWED STEEL TUBES LIMITED *trading as:*

Monmore Tubes — manufacturer of welded steel tube and coated steel tube using Flo-coat and Spectra-coat processes.
Newman-Tipper Tubes — manufacturer of ERW, slotted, cold drawn seamless, sculptured, plastic coated and heat treated tube.
HUB — stockists of aluminium and a comprehensive range of welded and seamless steel tube supported by its own manufacturing facility at London Steel Tube Mills.

***Columbia International Inc** (Canada) — metallic and non-metallic electric conduit accessories and fittings. Electric roughing-in product, power and communication ducts and spares.

### METAL SERVICES DIVISION

GLYNWED METAL SERVICES LIMITED *trading as:*

Aalco — UK distribution network for a wide range of high performance metals.
Active Service Metals — regional distributor of high performance metals.
Amari Contract Services — diverse packages of metal products for international major contracts.
Amari Copper Alloys — specialist distributor of copper alloys.
Amari Overseas — international distributor of high performance non-ferrous metals.
Baigent & Bird — plasma profiling and abrasive sawing of stainless steel sheet and plate and stockists of stainless steel bar.
Cashmores Stainless — the UK's leading stockholder and processor of stainless steel.
CJA Stainless Steels — stainless steel distributor specialising in tube, bar and sections.
Slater Metals — regional distributor of high performance metals.
Stock Alloys — plasma profiler of stainless and other alloy plate in the UK.

# *Notes to the Accounts*

## 34 TRADING SUBSIDIARIES (continued)

METAL SERVICES DIVISION (continued)

*Aalco SA (Spain) — high performance metals distributor.
**Amari Aerospace Limited** — distributor of high performance metals to the aerospace industry and defence markets.
***Amari Dublin Limited** (Republic of Ireland) — specialist distributor of aluminium and its alloys.
***Amari Gmbh†** (Germany) *trading as*
  Jera Metall — regional distributor of high performance metals in Southern Germany.
  *Leichtmetall Castens & Krohn — regional distributor of high performance metals in Northern Germany.*
***Amari Metals BV** (Holland) — specialist distributor of aluminium and high performance metals.
***Amari Metals Inc** (USA) — distributor and processor of high performance metals.
**Amari Metals Limited** — specialist distributor of aluminium and its alloys in the UK.
***Gulf Coast Supply Co** (USA) — plasma profiler of stainless plate in Louisiana.
***Stock Alloys Inc** (USA) — plasma profiler of stainless plate in Texas.

CORPORATE SERVICES AND PROPERTIES
**Glynwed Group Services Limited** — management services.
***Glynwed Inc** — USA management services.
**Glynwed Properties Limited** — UK land and buildings.
**Glynwed Property Developments Limited** — property developers.
***Headland Insurance Limited** (Bermuda) — insurance services.

PRINCIPAL HOLDING COMPANIES
**Glynwed Overseas Holdings Limited**
***Glynwed BV** (Holland)
***Glynwed Canada Limited** (Canada)
***Glynwed Pacific Holdings Pty Ltd** (Australia)
***Sheldon Inc** (USA)

*Investment held by a subsidiary of Glynwed International plc.
† Subsidiary companies not audited by Coopers & Lybrand Deloitte. The aggregate turnover of subsidiaries not audited by Coopers & Lybrand Deloitte amounted to 20.3% of the group's turnover.

# *Auditor's Report*

TO THE MEMBERS OF GLYNWED INTERNATIONAL plc

We have audited the accounts on pages 24 to 47 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 28th December 1991 and of the profit and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants and Registered Auditor
Birmingham
8th April 1992

# Summary of Comparative Figures

| | | 1991 £m | 1990 £m | 1989 £m | 1988 £m | 1987 £m |
|---|---|---|---|---|---|---|
| TRADING RESULTS | | | | | | |
| TURNOVER | | 949.9 | 1,099.8 | 1,125.2 | 839.8 | 556.2 |
| OPERATING PROFIT | | 40.9 | 87.8 | 105.3 | 87.3 | 62.5 |
| Interest payable (net) | | (15.4) | (17.5) | (12.0) | (4.8) | (2.1 |
| PROFIT BEFORE TAXATION | | 25.5 | 70.3 | 93.3 | 82.5 | 60.4 |
| Taxation | | (8.4) | (23.1) | (31.2) | (28.4) | (21.1 |
| PROFIT AFTER TAXATION | | 17.1 | 47.2 | 62.1 | 54.1 | 39.3 |
| Minority interests | | 0.3 | 0.7 | 0.5 | (0.2) | (0.1 |
| Preference dividends | | (0.1) | (0.1) | (0.1) | (0.1) | (0.1 |
| EARNINGS FOR THE PERIOD | | 17.3 | 47.8 | 62.5 | 53.8 | 39.1 |
| Extraordinary items | | (8.6) | (6.9) | (4.6) | — | (1.9 |
| Ordinary dividends | | (24.0) | (23.9) | (23.8) | (19.8) | (13.8 |
| (TRANSFER FROM RESERVES)/ PROFIT RETAINED | | (15.3) | 17.0 | 34.1 | 34.0 | 23.4 |
| OPERATING ASSETS | | | | | | |
| Fixed assets | | 185.4 | 190.7 | 153.8 | 126.7 | 90.5 |
| Stocks | | 157.6 | 208.0 | 206.7 | 185.6 | 108.9 |
| Debtors less creditors | | (30.8) | (42.8) | (32.0) | (25.7) | (13.9) |
| Taxation and dividends | | (19.0) | (38.9) | (60.5) | (54.0) | (36.5) |
| NET OPERATING ASSETS | | 293.2 | 317.0 | 268.0 | 232.6 | 149.0 |
| Total net borrowings | | (82.6) | (92.3) | (84.0) | (46.4) | (5.0) |
| Deferred taxation | | — | — | — | — | — |
| TOTAL NET ASSETS EMPLOYED | | 210.6 | 224.7 | 184.0 | 186.2 | 144.0 |
| FINANCED BY | | | | | | |
| Ordinary shares | | 51.4 | 51.2 | 51.0 | 50.9 | 28.5 |
| Reserves | | 155.9 | 169.7 | 129.3 | 131.9 | 113.7 |
| Ordinary share capital and reserves | | 207.3 | 220.9 | 180.3 | 182.8 | 142.2 |
| Preference shares | | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Minority interests | | 2.0 | 2.5 | 2.4 | 2.1 | 0.5 |
| TOTAL FUNDS | | 210.6 | 224.7 | 184.0 | 186.2 | 144.0 |
| *Net increase/(decrease) of funds arising from property revaluations* | | — | 29.4 | — | 0.6 | — |
| STATISTICS | | | | | | |
| Operating profit to turnover | % | 4.3 | 8.0 | 9.4 | 10.4 | 11.2 |
| Earnings per share | p | 8.43 | 23.38 | 30.66 | 28.81 | 23.26 |
| Dividend per ordinary share | p | 11.65 | 11.65 | 11.65 | 9.70 | 8.08 |
| Net assets per ordinary share | p | 102.5 | 109.6 | 88.4 | 89.7 | 83.1 |
| Operating profit to average net operating assets | % | 12.4 | 26.0 | 41.8 | 43.8 | 42.8 |
| Turnover to average net operating assets | x | 2.9 | 3.3 | 4.5 | 4.1 | 3.8 |
| Dividend cover | x | 0.7 | 2.0 | 2.6 | 2.7 | 2.8 |
| Interest cover | x | 2.7 | 5.0 | 8.8 | 18.2 | 29.8 |
| Debt/equity ratio | % | 39.2 | 41.1 | 45.6 | 24.9 | 3.5 |

# *Summary of Comparative Figures*

| 1986 £m | 1985 £m | 1984 £m | 1983 £m | 1982 £m | |
|---|---|---|---|---|---|
| | | | | | TRADING RESULTS |
| 478.9 | 464.1 | 514.1 | 487.2 | 444.3 | TURNOVER |
| 48.8 | 39.6 | 35.6 | 29.6 | 23.7 | OPERATING PROFIT |
| (2.7) | (4.0) | (9.1) | (8.4) | (10.0) | Interest payable (net) |
| 46.1 | 35.6 | 26.5 | 21.2 | 13.7 | PROFIT BEFORE TAXATION |
| (16.1) | (12.3) | (8.2) | (6.1) | (2.2) | Taxation |
| 30.0 | 23.3 | 18.3 | 15.1 | 11.5 | PROFIT AFTER TAXATION |
| — | — | 0.6 | (0.8) | (0.6) | Minority interests |
| (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | Preference dividends |
| 29.9 | 23.2 | 18.8 | 14.2 | 10.8 | EARNINGS FOR THE PERIOD |
| (3.8) | (2.3) | (3.9) | (4.6) | (3.5) | Extraordinary items |
| (11.3) | (8.8) | (7.7) | (6.6) | (6.2) | Ordinary dividends |
| | | | | | (TRANSFER FROM RESERVES) |
| 14.8 | 12.1 | 7.2 | 3.0 | 1.1 | PROFIT RETAINED |
| | | | | | OPERATING ASSETS |
| 84.1 | 79.3 | 91.1 | 95.3 | 100.5 | Fixed assets |
| 86.8 | 86.1 | 85.8 | 95.4 | 96.8 | Stocks |
| (0.3) | (3.8) | 1.6 | 11.2 | 11.0 | Debtors less creditors |
| (31.8) | (23.0) | (16.4) | (9.8) | (6.9) | Taxation and dividends |
| 138.8 | 138.6 | 162.1 | 192.1 | 201.4 | NET OPERATING ASSETS |
| (7.6) | (16.1) | (40.1) | (62.9) | (78.2) | Total net borrowings |
| (1.3) | (3.2) | (4.6) | (5.3) | (1.4) | Deferred taxation |
| 129.9 | 119.3 | 117.4 | 123.9 | 121.8 | TOTAL NET ASSETS EMPLOYED |
| | | | | | FINANCED BY |
| 27.9 | 20.9 | 20.9 | 20.9 | 20.9 | Ordinary shares |
| 100.6 | 97.0 | 95.1 | 93.8 | 92.5 | Reserves |
| 128.5 | 117.9 | 116.0 | 114.7 | 113.4 | Ordinary share capital and reserves |
| 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | Preference shares |
| 0.1 | 0.1 | 0.1 | 7.9 | 7.1 | Minority interests |
| 129.9 | 119.3 | 117.4 | 123.9 | 121.8 | TOTAL FUNDS |
| — | (5.9) | — | — | — | Net increase/(decrease) of funds arising from property revaluations |
| | | | | | STATISTICS |
| 10.2 | 8.5 | 6.9 | 6.1 | 5.3 | % Operating profit to turnover |
| 18.31 | 14.77 | 11.97 | 9.07 | 7.80 | p Earnings per share |
| 6.73 | 5.60 | 4.93 | 4.19 | 3.92 | p Dividend per ordinary share |
| 76.7 | 75.1 | 73.9 | 73.2 | 72.3 | p Net assets per ordinary share |
| 33.4 | 25.0 | 18.0 | 15.4 | 11.8 | % Operating profit to average net operating assets |
| 3.3 | 2.9 | 2.6 | 2.5 | 2.2 | x Turnover to average net operating assets |
| 2.6 | 2.6 | 2.4 | 2.2 | 1.8 | x Dividend cover |
| 18.1 | 9.9 | 3.9 | 3.5 | 2.4 | x Interest cover |
| 5.8 | 13.5 | 34.2 | 50.7 | 64.2 | % Debt/equity ratio |

# Notice of Meeting

Notice is hereby given that the fifty first annual general meeting of Glynwed International public limited company will be held at **Headland House, New Coventry Road, Sheldon, Birmingham, on 4th June 1992 at 12 noon** to transact the following business:

1 To receive and adopt the annual report and accounts for the 52 weeks ended 28th December 1991.

2 To declare a final dividend.

3 To elect directors.

4 To reappoint the auditor and to authorise the directors to fix their remuneration.

As special business:

5 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

That pursuant to section 80 of the Companies Act 1985, the directors be and they are hereby authorised, generally and unconditionally, to allot relevant securities (as defined in section 80 of the Companies Act 1985) up to an aggregate nominal amount of £17,122,408 provided that this authority, unless renewed, shall expire at the earlier of the date 15 months from the passing of this resolution and the conclusion of the next annual general meeting of the company save 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 directors may allot the relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

6 Subject to the passing of the foregoing resolution no. 5, to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

That,

(A) the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the Companies Act 1985) pursuant to the authority conferred by the previous resolution as if sub-section (1) of section 89 did not apply to any such allotment, and

(B) the power hereby granted to the directors shall be limited—

(i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions as the directors may consider appropriate to deal with fractional entitlements or holders of shares outside the United Kingdom, and

# *Notice of Meeting*

(ii) to the allotment (otherwise than pursuant to the sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £2,568,361, and shall expire fifteen months after the passing of this resolution or, if earlier, on the date of the next annual general meeting of the company save 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 directors 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** J C Blakeley
*Secretary*
Birmingham
8th May 1992

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 Copies of the contracts of service of directors will be available for inspection at the company's registered office between 9.00 am and 4.30 pm on any weekday (Saturday and public holidays excluded) from the date of this notice up to and including the day before the meeting, and also at the place of the meeting for 15 minutes prior to the meeting and during the meeting.

# *1992 Financial Calendar*

| | |
|---|---|
| Annual general meeting | 4th June |
| Half year end | 27th June |
| Final ordinary dividend payable | 2nd July |
| Interim ordinary dividend payable | 9th December |
| Preference dividend payable | 30th June, 31st December |
| 1992 year end | 26th December |

INTEREST PAYMENTS·

| | |
|---|---|
| 7.5% Debenture Stock | 6th June, 6th December |
| 10.75% unsecured Loan Stock | 31st March, 30th September |

HEAD OFFICE AND REGISTERED OFFICE

Headland House, New Coventry Road
Sheldon, Birmingham B26 3AZ
Telephone: 021-742 2366
Fax: 021-742 0403
Registered in England No. 354715

REGISTRARS

Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 081-650 4866
Fax: 081-658 3430