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## Directors and Officers

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Glynwed International public limited  
company

### **Directors**

\*Sir Leslie Fletcher DFC FCA *Chairman*

G Davies FCA Group *Chief Executive  
and Deputy Chairman*

DL Milne CA Group *Finance Director*

\*JD Eccles CBE *Vice Chairman*

\*Sir Eric Pountam DL

*\*Non-executive*

### **Secretary**

JC Blakeley MA

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### **Operations board**

G Davies *Chairman*

DL Milne

T O'Neill *Chief Executive*

*Consumer & Building Products*

TM Forsyth *Chief Executive*

*Engineering*

D Gripton *Chief Executive*

*Steels*

DW Richardson *Chief Executive*

*Tubes & Fittings*

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### **Auditors**

Coopers & Lybrand

Chartered Accountants, Birmingham

### **Bankers**

Barclays Bank plc

Lloyds Bank plc

Midland Bank plc

National Westminster Bank plc

J. Henry Schroder Wagg & Co Limited

Standard Chartered Bank plc

### **Registrars**

Ravensbourne Registration

Services Limited

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

### **Head Office and Registered Office**

Headland House

New Coventry Road

Sheldon, Birmingham B26 3AZ

Telephone 021 742 2366

Registered in England No 354715

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Annual general meeting	4th June
Final ordinary dividend payable	3rd July
Half year end	28th June
Interim ordinary dividend payable	17th December
Preference dividend payable	30th June, 31st December
1986 year end	27th December

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Interest payments	
7·5% debenture stock	6th June, 6th December
10·75% unsecured loan stock	31st March, 30th September

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## Financial Highlights

	1985 £million	1984 £million
<b>Turnover</b>	<b>464.1</b>	<b>514.1</b>
<b>Operating profit</b>	<b>39.6</b>	<b>35.6</b>
<b>Interest payable (net)</b>	<b>4.0</b>	<b>9.1</b>
<b>Profit before taxation</b>	<b>35.6</b>	<b>26.5</b>
<b>Earnings for the period</b>	<b>23.2</b>	<b>18.8</b>
<b>Ordinary dividends</b>	<b>8.8</b>	<b>7.7</b>
<b>Profit retained</b>	<b>12.1</b>	<b>7.2</b>
<b>Net operating assets</b>	<b>138.6</b>	<b>162.1</b>
<b>Capital expenditure on tangible fixed assets</b>	<b>11.3</b>	<b>14.6</b>
<b>Depreciation</b>	<b>10.5</b>	<b>10.9</b>
<b>Earnings per ordinary share</b> net basis	<b>27.69p</b>	<b>22.45p</b>
<b>Dividends per ordinary share</b>	<b>10.50p</b>	<b>9.28p</b>



### Results and Dividends

I am pleased to report that in 1985 the group achieved another record year, with a profit before tax of £35.6 million compared with £26.5 million in 1984. After taxation and preference dividends, earnings for the year were £23.2 million which is equivalent to 27.69p per share (22.45p in 1984).

The interim dividend for 1985 was increased from 3.25p to 3.75p per share and in the light of the improved profitability your directors are recommending a final dividend of 6.75p per share making a total for the year of 10.50p per share (9.25p in 1984).

In addition your directors have decided to recommend a bonus issue on the basis of one new ordinary share of 25p for every four ordinary shares of 25p held by members on the register on 23rd May, 1986. Full details are given in a separate letter to shareholders. The new shares will not carry an entitlement to the final dividend which is being recommended for 1985.

The report by the Group Chief Executive covers the principal activities of the year from which you will see that all the United Kingdom divisions achieved remarkably good results, whilst the sale of the major part of the Defy Corporation at the end of 1984 eliminated the loss-making side of our South African business. The United States operations remained less than satisfactory but we are hopeful that 1986 will show some significant improvement.

However, one of the most important features of 1985 was the reduction in group debt, which was reflected in the much lower level of interest charges. This was in part due to the sale of Defy in South Africa but also to a quite splendid level of cash inflow from the United Kingdom operations which resulted from a healthy stable level of activity and from the tight financial and operating controls which Glynwed has established over the last ten years or so.

You will also see that the extraordinary items this year amounted to £2.3 million after tax. The major part of this was the closure of the Vogue bath works at Bilston.

### General

In the light of the profits achieved by the United Kingdom divisions it may seem churlish and repetitive to continue to stress the importance of Government's understanding of the need to support our type of industry with a continuing level of capital expenditure on the national infrastructure. As I indicated last year, exports can best be helped by a firm United Kingdom base of demand.

The efforts over recent years of all our people in the Group have been the basis of our progress and we are all indebted to them for the part they have played in creating what is our successful growth.

Last year I referred to the two shares of 10p each which were introduced to ensure the profitable growth of the group through the year. I am now pleased to report that in addition to the 10p shares granted to senior executives, a further £29.72 ordinary shares have been granted under the Group Savings Related Share Option Scheme.

### Prospects

The disposals and acquisitions which took place during 1985 and in the first three months of 1986 to which reference is made in the Chief Executive's Review will strengthen our profit base during the year, and your directors believe that 1986 offers the prospect of further growth.

### Board

Finally, on a personal note, it is right that I should tell you that I believe the time is approaching when I should retire from the Chairmanship and the Board of Glynwed. As you know, I relinquished my executive role at the end of 1983 but agreed to continue as non-executive Chairman for a time.

The group is in good heart and shape and it seems entirely opportune that I should go at the end of 1986. With an underlying strength of management extending across all our important operations, I know that I leave shareholders in good hands.

Perhaps even more importantly, I am delighted to say that the Board has decided that Gareth Davies, at present Group Chief Executive and Deputy Chairman, will succeed me. He and I have worked together through all my time as Chairman and I am confident that he will lead the group well through into further progress in future years.

The fifteen years has been a fascinating cycle of events for Glynwed, and I would only conclude by expressing my warmest appreciation and gratitude for the support and understanding given to me by all of you, both in the group and as shareholders, over all these years.

Leslie Fletcher  
Chairman

## Operating Results and Ratios

	1985 £million	1984 £million	1983 £million	1982 £million	1981 £million
<b>Turnover</b>					
UK and Europe	428.8	392.7	354.7	304.8	256.9
USA, South Africa and Australia	35.3	121.4	132.5	139.5	111.2
<b>Total</b>	<b>464.1</b>	<b>514.1</b>	<b>487.2</b>	<b>444.3</b>	<b>368.1</b>

<b>Operating profit</b>					
UK and Europe	38.7	32.7	24.6	17.8	12.8
USA, South Africa and Australia	0.9	2.9	5.0	5.9	12.1
<b>Total</b>	<b>39.6</b>	<b>35.6</b>	<b>29.6</b>	<b>23.7</b>	<b>24.9</b>

<b>Operating assets</b>					
UK and Europe	141.3	147.2	136.1	140.0	119.1
USA, South Africa and Australia	20.3	31.3	65.8	68.3	57.9
<b>Total operating assets</b>	<b>161.6</b>	<b>178.5</b>	<b>201.9</b>	<b>208.3</b>	<b>177.0</b>
Taxation and dividends	(23.0)	(16.4)	(9.8)	(6.9)	(8.9)
<b>Total net operating assets</b>	<b>138.6</b>	<b>162.1</b>	<b>192.1</b>	<b>201.4</b>	<b>168.1</b>

	%	%	%	%	%
<b>Operating profit to turnover</b>					
UK and Europe	9.0	8.3	6.9	5.8	5.0
USA, South Africa and Australia	2.5	2.4	3.8	4.2	10.9
<b>Total</b>	<b>8.5</b>	<b>6.9</b>	<b>6.1</b>	<b>5.3</b>	<b>6.7</b>

<b>Operating profit to operating assets</b>					
UK and Europe	27.4	22.2	18.1	12.7	10.7
USA, South Africa and Australia	4.4	9.3	7.6	8.6	20.9
<b>Total to net operating assets</b>	<b>28.6</b>	<b>22.0</b>	<b>15.4</b>	<b>11.8</b>	<b>14.8</b>



1985 was a year of notable achievements, when the benefits of the group's strategy and management actions lifted pre-tax profit to a record £38.6 million, 34.3% higher than last year's record profit. The 23.3% increase in earnings per share was a reflection of the group's excellent progress.

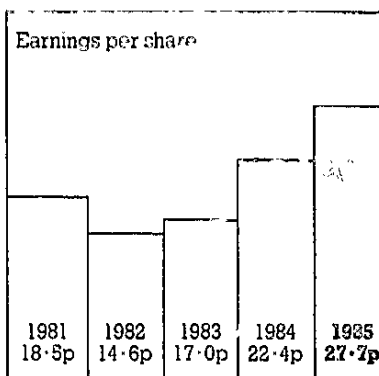
The main feature of the year was the continuing improvement of profits in our UK operations. We take pride in our good asset management and this year we have achieved a record return on assets of 23.6%, an outstanding achievement by the standards of UK manufacturing industry. Not only have we greatly increased our profits and return on capital, but a performance of this quality leads naturally to a very strong cash flow, which we intend to use to finance the growth of the group.

Acquisitions and disposals of businesses were not on the same scale as in 1981. The sale in March of six surplus properties to Raglan Property Trust plc was mentioned in my review last year. The small machine tool business of Ductile Engineering did not fit into our strategy for the Engineering division, and the company was sold in November. Turning to acquisitions, we purchased, also in November, the copper tube business of Delta Group plc, a business which adds to the group's substantial copper tube operations at Wednesbury Tube.

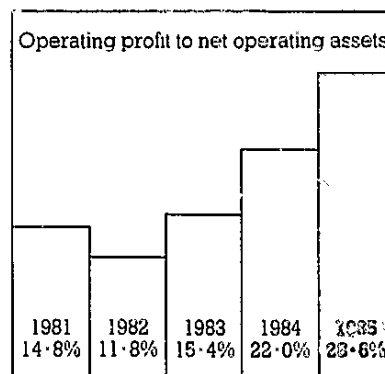
It was with great regret that the group had to close Vogue Bathrooms during the year. Vogue was the last UK producer of cast iron baths and its demise was due to the continuing decline in demand, the cast iron market having fallen to an unsustainable 5% of the total UK bath market. We have reacted to economic change earlier than many companies and, as a result, we have been able to maintain viable businesses in sectors which at first sight do not seem attractive; widespread success elsewhere makes our regret at the closure of Vogue Bathrooms all the more poignant.

In March 1986 we sold Glynwed Fastenings, manufacturers of high tensile bolts, studs and special fasteners. This was in accordance with the group's business strategy to reduce its involvement in fastener production for the automotive industry. Also in March we made an offer of A\$18 million in cash to acquire the whole of the issued share capital of Philmac Pty

Limited of Australia. This company, which is a manufacturer of plastic pipe fittings and a range of metal and plastic valves has had a record of consistent growth and made pre-tax profits of A\$4.9 million in the twelve months to 30th June 1985. The acquisition of Philmac will substantially develop Glynwed's international strategy for expanding its interests in plastics pipe systems, interests which are already well established in the UK and the USA.



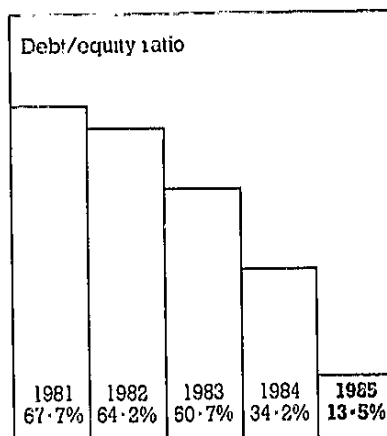
The financial performance of the group was stronger in every respect. Earnings per share is the most important measure of performance used in the group: ours has nearly doubled since 1982.



Group return on assets employed has increased rapidly since the depths of the recession. This represented an improvement of 24.5% over 1984, before taking into account the £5.9 million reduction in the values of group properties following the revaluation during the year.

## Group Chief Executive's Review

Further significant progress has been made in reducing group borrowings and the debt/equity ratio. Whereas in 1984 a part of the reduction in borrowings was a consequence of divestments, the reduction this year was entirely due to the strength of cash flow from operations.



The group ended the year with a strong balance sheet and a sound operational base. Glynwed's management believes that success can be based on the simple application of sound business practices to ordinary businesses, where the products are frequently regarded as unexciting, but where there is continuing demand.

### REVIEW OF OPERATIONS

During 1985 it became clear that it was no longer necessary to maintain our Distribution division as a separate entity, and accordingly there was a reorganisation of management responsibility for its operations. In this review the divisional turnover and profit figures reflect this reorganisation.

### CONSUMER & BUILDING PRODUCTS DIVISION

	1985 £million	1984 £million
Turnover	90.6	87.3
Operating profit	9.5	7.9

A strong performance was recorded by all the units in the division, apart from Vogue Bathrooms whose closure has already been mentioned. In particular, there was a good recovery at Flavel Leisure, confirming the confidence expressed in my last review.

Once again, expenditure on household consumer durables was at a record level, some 6% higher than in the previous year.

Building products mainly benefited from a general upturn in the building sector, however demand in the second half. Household appliances were virtually unchanged at 194,000 units, and there were 16.5% fewer at 178,000. Expenditure on household appliances and maintenance and improvement grew by a further 3%.

**Aga-Rayburn** benefited from an increased demand for Aga cookers, and the further progress of the natural gas version of the Rayburn Supreme. Late in the year we introduced the electric Aga, for which an immediate demand was experienced, and a deluxe version of the Rayburn Supreme, which was also well received.

**Glynwed Foundries** experienced good demand from home markets, but received fewer orders than expected from overseas. The unit's quality rainwater, soil and drain goods held a strong position in the high specification building market. Work continued to improve and increase the pipe spinning capacity and to improve quality, and with the benefits of this and previous capital expenditure we remain confident of our ability to satisfy this market.

**Thames Bank Iron Co**, the group's distributor of drainage products, recorded another good year. A combination of strong home and overseas markets has resulted in a good overall performance.

**Falcon Catering Equipment** had yet another excellent year with strong demand for commercial prime cooking equipment from a buoyant market. During the year new product introductions were well received, both in the UK and abroad.

**Flavel-Leisure** manufacture gas and dual-fuel cookers and gas fires. This unit began to benefit early in the year from its 'Profile' cooker, which was an immediate success. The recovery from 1984's disappointments and the improvements in market share are particularly satisfying. Marketing must be the key to this unit's success and resources of research and development are available to bring forward products which will remain competitive in a changing marketplace.

**Leisure** experienced in the first half of the year a very significant change in the patterns of distribution for its main product, domestic sinks, as the rapid growth of large national retail organisations took business away from our traditional distributors' retail customers. Sales efforts were re-directed and the result was a very encouraging second half, but with the full year's results a little short of original expectations.





### ENGINEERING DIVISION

	1985 £million	1984 £million
Turnover	67.9	57.2
Operating profit	2.7	1.7

The division's performance was once again an improvement over the previous year, but not uniformly across all units. Markets were generally rather better than in 1984, with both motor manufacturing and mechanical engineering output at higher levels in the UK. Motor car assembly reached just over one million units, an increase of 15% over the low 1984 figure, whilst commercial vehicle production was 17% higher at 263,000 vehicles. Most of the division's business is associated in some way with mechanical engineering and output was higher in this industry also, increasing by some 6%, the largest rise for a number of years.

**Glynwed Fastenings**, supplying high tensile bolts and studs, and **J Burns**, supplying vehicle trim to the automotive sector, were able to take advantage of the increased UK vehicle build in 1985. As already mentioned the business of Glynwed Fastenings was sold in March 1986.

**Cooper & Turner** produce fastenings, **Steelway-Fensecure** are fabricators of steel flooring and stairways, and **Ansell Jones** manufacture lifting tackle. All these units supply various sectors of the mechanical engineering market, with a strong bias towards the construction industry. Although this market experienced some peaks and troughs during the year, all the units achieved satisfactory results. Considerable overseas marketing efforts have resulted in an improved flow of export orders.

**Paul Fabrications** specialise in high technology fabrications for the aerospace and nuclear fuel industries. The unit had an excellent year, reflecting increased activity in the market sectors it serves.

**Tower Manufacturing's** cable clips and rivets had a satisfactory year, with the UK market holding up well. Export business fell short of target, and a major marketing effort in the last quarter of 1985 was launched to improve the position.

**MBS Distribution** is the group's distributor of fastenings, bearings and tools. The unit

increased its sales considerably in each of its main product categories. Following a programme of reorganisation branch sales expanded, particularly in the south-east, and increases in sales volume and operating efficiency resulted in an improved trading performance.

The specialist units of MBS, trading in non standard fastenings and bearings, performed well and continued to expand their niche positions in the industry.

**La Dauphinoise SA** manufactures fastenings, eyelets and rivets in France. It underwent a major reorganisation during 1985. The workforce has been reduced, costs have been cut, manufacturing has been transferred to a new modern building and a new management has been appointed.

### STEELS DIVISION

	1985 £million	1984 £million
Turnover	147.5	139.0
Operating profit	12.1	10.7

Once again, Steels division performed very well. UK steel demand ended the year much the same as in 1984, after having shown a slight but significant fall for much of the year. Of our particular sectors, only stainless and alloy steels showed further growth. Demand for black bars, bright bars and precision cold rolled strip fell back a little.

Production and sales of hot rolled steel were restricted once again by the European quota system. In addition, exports of bright steel to the USA were constrained later in the year by import quotas. The profits made from steel were very satisfactory when viewed against this background.

The hot rolling units, led by **George Gadd & Co** and **W Wesson**, produced good results. The plant was upgraded at both units, and the heat treatment facility at Wesson came fully on stream. Exports from Wesson were markedly higher, as they were from **Dudley Port Rolling Mills**, whose special sections found good markets. Throughout the hot rolling units significant tonnages of black bar for bright drawing were processed, both for external sale and for further processing by the division's own bright drawing units.

**Ductile Hot Mill** also performed well, particularly in the rolling of flats where the size range was extended and the number of alloy specifications increased. Only at **Joseph Gillott & Sons**, amongst the hot rollers, was performance less than expected.

The bright drawing companies enjoyed mixed fortunes. Wesson's bright drawing business was most successful, with bright flats and heat treated steels in good demand. **Longmore Brothers** also had a good year, with the tube mills contributing well in addition to the bright drawing activity. Both here and at **Steel Parts**, where site reorganisation was carried out during the year, the loss of some USA export business was felt.

Despite a small fall in the size of the UK market for black and bright steels, **Macreadys'** sales were maintained satisfactorily, and the unit continued to live up to its reputation for high quality in its customer service. The unit's distribution outlets were increased during the year.

In the cold rolling units, demand for precision cold rolled strip fell a little, a trend which affected **Stourbridge Rolling Mills** rather more than **Ductile Cold Mill**; the latter performed very well, with further extensions to the size range offered. There was a significant improvement in performance in the final quarter.

**Ductile Sections** make flat and slotted sections and cable tray, and there has been a steady improvement in performance during the year. At **Ductile Steel Processors**, the slitting and pickling plants were substantially improved, and since the year end the unit has absorbed the galvanising business of **Metalon Steels**.

Margins at our coil stockholding operation, **Ductile Steel Stockists**, were under pressure during the year, but **Cashmores Stainless** had a good year, with sales increasing against the background of a slowly growing market. Stainless sheet was a particularly strong area, despite falling prices. Service and quality have played an important part in increasing market share. **Cashmores Scrap** experienced fluctuating prices, but despite this a satisfactory result for the year was achieved.

#### TUBES & FITTINGS DIVISION

	1985 £million	1984 £million
Turnover	115.5	99.0
Operating profit	11.4	9.9

Profits grew steadily in Tubes & Fittings division, with a strong showing from the plastics business. **Durapipe** consolidated its strong position in the plastic pressure pipe and fittings industry and also continued a large development programme for several new product lines. Export sales remained very strong, with new outlets being found during the year.

Strong growth was enjoyed by **Vulcathene** throughout the year in all areas of activity. Demand for chemical waste drainage products was again strong, particularly in export markets, and the gas electrofusion system for joining plastic pipes remained the leading product of its type.

A licensing agreement was signed with Dresser Industries Inc, relating to a range of electrofusion fittings to be manufactured for the North American market.

The first full year's trading from **Capper Plastics** produced splendid results. Our progressive programme of branch expansion continued during the year, and there was a broadening of the product range held at our central stock point in the Midlands.

**Certex Limited**, manufacturers of uPVC windows and doors, opened new showrooms during the year and reorganised their product range to give maximum style flexibility with the minimum number of profile types.

**Townsend Rubber Products** and **Nederlandse Autofitting Fabriek BV** both found some new markets for their products.

Demand for **Wednesbury Tube's** copper tube, poor in the first half, improved towards the year end. The shortfall in home demand was made up by nearly doubling exports. The unit's position in the domestic water tube market was strengthened by the acquisition of Delta Tubes as already mentioned. Sales of copper tube for engineering uses were above 1984 levels.



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The demand for **Monmore Tubes'** coated tube, used extensively in garden furniture and tools, was maintained for most of the year where, in spite of the poor summer, sales improved on 1984, and with maintained margins and effective cost controls the business showed very satisfactory trading results.

**Newman-Tipper Tubes** consolidated their welded tube activities in 1985 after the reorganisations of the previous year. Although it took longer than anticipated to recommission the Tipper equipment, when set against a backdrop of severe competition in the tube industry, we are very pleased with the decision to rationalise. The combined sales of Newman-Tipper Tubes exceeded the 1984 sales of the separate businesses and profits were well ahead of the 1984 figures.

Our steel stockholding units at **Atlantic Tubes, Abbey Tubes** and **Olympic Tubestock** showed sustained growth throughout the year, leading to a marked improvement on 1984 profits. Increased profitability during the year at **Tipper Fittings**, together with planned stock rationalisation, resulted in a healthy cash flow.

Demand from the petro-chemical industries was disappointing, but that from the gas boards over the whole of the **Wask Engineering** range was maintained. Cost reduction measures taken earlier in the year led to improved results.

Both **Coventry Tubes Permatube** and **A & D Tube Manipulations** experienced weak demand for their steel tube products, but the latter unit made up some of the shortfall by introducing a range of large copper fittings.

#### PROPERTIES

**Glynwed Properties Limited** owns and manages the group's land and buildings in the UK. During 1985 several construction projects were completed for group companies, including a warehouse for **Wednesbury Tube** and a product finishing and warehouse building for **Leisure**.

Much of the property surplus to group requirements was sold during the year and, in particular, a successful planning application enabled the remaining industrial land at **Audenshaw** near Manchester to be sold profitably for residential use. A £1 million package deal contract for the **OCS Group** at **Farnworth**, near **Bolton**, was completed involving the sale of approximately 3 acres of land and the construction of a new factory building.

#### USA AND AUSTRALIA

	1985 £million	1984 £million
Turnover	25.8	50.0
Operating profit	0.8	1.9

Turnover was substantially down following the sale of the **Bremar Steel Co Inc**. The remaining American companies suffered a series of unrelated setbacks during the year. Only in the plastics pipe systems businesses was steady progress maintained.

**Enfield Industrial Corp** had another very good year. The introduction of our enfusion range of electrofusion fittings has led to significant new business and the **Vulcathene** products continued to find good markets. An increasing proportion of Enfield's products are made by **Slocumb Plastic Pipe and Products Inc**. This company was supported by continuing housing activity in the USA. Demand was not exceptional, but a satisfactory performance was recorded.

Orders from the computer peripheral market for **Plastimatic Inc's** plastic mouldings were at a low ebb throughout the year. The company was unable to make up the lost business elsewhere and its performance was not as good as in the previous year.

There were also very difficult conditions for the engineering companies. This was especially true at **Pandjiris Inc**. Dollar strength affected the markets of its customers, and orders for welding positioning equipment were held back severely. This was disappointing after the better prospects apparent at the end of 1984. In contrast, **Automation Service Equipment Inc** was busy, but prices for automatic parts handling equipment were very competitive. Flexible automation techniques were developed in response to the requirements, which are increasingly being encountered, of various forms of computer controlled manufacturing.

**Cooper & Turner Inc** encountered fair demand for load indicating washers but an exceptionally warm autumn led to lower sales of **Coalbrookdale** stoves. The programme for the launch of **Agas** cookers in the USA was successfully implemented.

**Glynwed Australia Pty Limited** continues with the distribution of heating and cooking appliances, mainly of group manufacture.

## Group Chief Executive's Review

### FALKIRK INDUSTRIES (PTY) LIMITED

	1985 £million	1984 £million
Turnover	8.5	71.4
Operating profit	0.1	1.0

The 1985 figures relate to the much smaller business remaining after the sale at the end of 1984 of Dely Corporation (Pty) Limited. Major reorganisation was accomplished in the year to improve production efficiency and establish new sales and distribution networks.

The company's bath and cooking appliance businesses were severely affected by the adverse conditions of the South African economy, and the small profit in these circumstances was quite satisfactory, especially as it was accompanied by a positive cash flow.

#### OUTLOOK

Last year I referred to the process of re-structuring, which was to continue during 1985. The group's businesses were strengthened considerably during the year, to the point where the great majority of units enjoy strong trading positions, frequently with opportunities to generate their own growth.

Our policies led to further success in 1985, and we see no reason why they should not lead us to greater achievements in 1986 and after. Our best businesses are capable of substantial expansion, both in geographical and product terms.

#### OUR PEOPLE

Once again, the profits and other achievements of the group have depended entirely on the abilities and commitment of those who work with us, at all levels. I thank them for their efforts and for the depth of their commitment. My fellow directors join me in paying tribute to them.

During the year, we introduced a savings-related share option scheme, open on equal terms to all employees with the requisite service. I am pleased to be able to report that a large number of people joined the scheme, which will make it possible for them to identify more closely with the success of the group and to benefit more directly from it.

The numbers employed by the group fell by about 4% in the year. Half of this decrease was overseas, and much of the remainder was associated with the divestments of companies. Whilst it will never be possible to avoid some losses of jobs, we were also able to create new jobs due to the increased stability of the last two years.

Gareth Davies  
Group Chief Executive

## 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 1985. 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 Wednesday 4th June 1986.

### Activities and business review

Glynwed International plc is the group holding company and the principal activities of its subsidiaries are shown on pages 32 and 33.

A review by the Group Chief Executive of the activities and prospects of the group and of the principal subsidiaries is given on pages 7 to 12.

### Dividends and reserves

The earnings for the period after taxation, minority interests and preference dividends were £23.2 million (1984 £18.8 million). Extraordinary items amounted to £2.3 million (1984 £3.9 million), leaving £20.9 million (1984 £14.9 million) available to the ordinary shareholders. An interim dividend of 3.75p per share was paid on 18th December 1985. The directors recommend a final dividend of 6.75p per share payable on 3rd July 1986 making a total for the period of 10.50p per share (1984 9.25p per share).

After ordinary dividends of £8.8 million (1984 £7.7 million), £12.1 million (1984 £7.3 million) remains to be added to the retained profit.

### Capital of the company

At an extraordinary general meeting of the company to be held immediately after the annual general meeting on 4th June 1986 resolutions will be proposed to authorise a capitalisation issue of new ordinary shares of 25p each, to increase the authorised share capital of the company, and 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. Further details relating to the resolutions are contained in the letter to shareholders and the notice of extraordinary general meeting which accompany this report.

### Shareholders

At 28th December 1985, ordinary shareholders totalled 12,352 (1984—13,005). Their holdings are analysed below.

Number of shares	% of shareholders	% of shares in issue
1—2,000	84.70	8.35
2,001—5,000	9.99	4.52
5,001—50,000	3.72	8.64
50,001—250,000	1.03	19.01
Over 250,000	0.56	59.48
	<u>100.00</u>	<u>100.00</u>

Notification has been received from Britannic Assurance Public Limited Company that it is interested in 4,900,000 ordinary shares (being 5.85% of the issued ordinary capital) of the company.

## Report of the Directors

### Directors

The members of your board at the date of this report are listed on page 2. In accordance with the Articles of Association Sir Eric Pountain retires by rotation and, being eligible, offers himself for re-election. Sir Eric does not have a service contract with the company.

As indicated in the company's 1984 Annual Report Mr W Garner retired on 9th January 1985 and Sir Denis Barnes on 15th May 1985. Mr FCW Whitehouse left the group on 1st April 1985.

### Directors' interests

The interests of the directors of the company at 28th December 1985 according to the register kept under section 325 of the Companies Act 1985 were

		28th December 1985		30th December 1984	
		Sole beneficial owner	Family interests	Sole beneficial owner	Family interests
Ordinary shares of 25p each fully paid	Sir Leslie Fletcher	6,000	500	6,000	500
	G Davies	1,250	—	1,250	—
	DL Milne	1,000	—	1,000	—
	JD Eccles	1,000	—	1,000	—
	Sir Eric Pountain	2,000	—	2,000	—

Additionally Mr G Davies and Mr DL Milne have been granted options to acquire 150,000 and 100,000 ordinary shares respectively under the Glynwed International Senior Executive Share Option Scheme and 4,043 and 404 ordinary shares respectively under the Glynwed International Savings-Related Share Option Scheme.

The company has not been notified of any change in the above interests since 28th December 1985.

The directors had no interests in any contract with group companies with the exception of service contracts and the disposal referred to below.

### Fixed assets

During the period a revaluation of most of the land and buildings in the group was carried out by professional valuers. The revaluation disclosed, on a vacant possession open market basis, a deficit against the book value of land and buildings of £5.9 million, which has been charged against the revaluation reserve (see note 25 on page 32). Details of the revaluation and of the movements in tangible fixed assets are given in note 14 on page 26.

### Acquisitions and disposals

In November the assets of the copper tube business of the Delta Group plc were purchased for £4.1 million. In March the group sold six properties to Raglan Property Trust plc for £4.3 million. This was satisfied by the allotment to the group of 33,184,388 new ordinary shares of Raglan at 8.5p per share and a cash payment of £1.5 million.

During the year Vogue Bathrooms was closed and three smaller trading operations were also closed or sold, namely MBS Airmasters, (which was sold to a former director, Mr FCW Whitehouse, for £54,000), Glynwed Castings and Stampings and Machine Engineering.

In March 1986 the assets of Glynwed Fastenings, a unit within Glynwed Engineering Limited, were sold for approximately £5 million, and agreement in principle was reached for the purchase of the whole of the issued share capital of Philmac Pty Limited, an Australian manufacturer of plastic pipe fittings and metal and plastic valves, for A\$18 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

Recruitment policies are designed to ensure equal opportunity of employment, regardless of race or sex. Appropriate consideration has been given to disabled applicants in offering employment. The practice has continued of providing training, career development and promotion for disabled persons as the case warranted, and special attention has been given to the particular needs of individuals who became disabled whilst in employment.

Good communications and relations with employees have been maintained, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management were kept informed of group developments at meetings held to discuss the half year and annual results and to review the group's business strategies. They were thus able to communicate, as appropriate, relevant information to management in the operating units.

During the year initial grants of options were made under the group's Savings-Related Share Option Scheme. As a further means of enhancing identification with the group's operations and development all employees receive a copy of the Employees' Report, which explains the annual results and highlights specific events of the year.

Sixty four scholarship awards were made by the independent selection committee of the Glynwed Educational Scholarship Scheme. Twelve award holders graduated from universities and one obtained a diploma.

The group operates pension schemes covering all eligible employees. The schemes' funds are administered by trustees and are independent of the group's finances. The schemes are fully funded and contributions are paid to the schemes in accordance with the recommendations of independent consulting actuaries to provide retirement benefits based on projected final salaries. The group's contributions are charged against profits in the year in which the contributions are made.

## Political and charitable donations

During the period the group gave £56,308 for charitable purposes, and £20,000 for political purposes to the Conservative Party.

## Finance Act 1965 and capital gains tax

The official price of Glynwed International plc ordinary shares on 6th April 1965, adjusted for the rights issue made in 1976, was 135.75p.

## South Africa—EEC Code of Conduct

A report has been made to the Department of Trade and Industry on Falkirk Industries (Pty) Limited, in accordance with the requirements of the Government White Paper (Cmd 7233), May 1978.

## 'Close' company status

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

## Auditors

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

By order of the board  
JC Blakeley  
Secretary

Birmingham  
8th April 1986

## Source and Distribution of Value Added

For the 52 weeks ended 28th December 1985		1985	1984		
		£million	£million		
<b>Source of value added</b>					
Turnover		464.1	514.1		
Cost of materials and services used		(314.7)	(357.2)		
<b>Total value added</b>		<b>149.4</b>	<b>156.9</b>		
<b>Distribution of value added</b>					
		£million	%	£million	%
<b>Employees — wages, salaries, pension and national insurance contributions and other employee costs</b>					
		99.3	66.5	110.4	70.4
<b>Taxation — UK and overseas</b>					
		12.3	8.2	8.2	5.2
<b>Providers of capital</b>					
Interest payable on borrowings		4.0	2.7	9.1	5.8
Dividends to shareholders		8.9	6.0	7.8	5.0
Minority shareholders in subsidiaries		—	—	(0.6)	(0.4)
<b>Total cost of capital provided</b>		<b>12.9</b>	<b>8.7</b>	<b>16.3</b>	<b>10.4</b>
<b>Re-investment in the business</b>					
Depreciation		10.5	7.0	10.9	6.9
Profit retained		12.1	8.1	7.2	4.6
<b>Total re-invested</b>		<b>22.6</b>	<b>15.1</b>	<b>18.1</b>	<b>11.5</b>
<b>Extraordinary items (net)</b>					
		2.3	1.5	3.9	2.5
<b>Total value added</b>		<b>149.4</b>	<b>100.0</b>	<b>156.9</b>	<b>100.0</b>



## Source and Application of Funds



		For the 52 weeks ended 28th December 1985	
		1985 £million	1984 £million
<b>Funds generated</b>			
Profit before tax		35.6	26.5
Adjustment for items not involving the movement of funds			
Depreciation		10.5	10.9
Profit on sale of fixed assets		(0.8)	(0.3)
<b>Funds generated from operations</b>		<b>45.3</b>	<b>37.1</b>
<b>Funds from other sources</b>			
Disposal of fixed assets		7.5	1.8
Proceeds of sale of subsidiary companies		—	15.1
Borrowings eliminated on sale of subsidiary companies		—	18.8
<b>Total funds from other sources</b>		<b>7.5</b>	<b>35.7</b>
<b>Total funds generated</b>		<b>52.8</b>	<b>72.8</b>
<b>(Increase)/decrease in working capital</b>			
Stocks		1.2	(16.9)
Debtors		(4.1)	(13.4)
Creditors		9.4	16.9
<b>Total (increase)/decrease in working capital</b>		<b>6.5</b>	<b>(13.4)</b>
<b>Net funds generated</b>		<b>59.3</b>	<b>59.4</b>
<b>Application of funds</b>			
Acquisition of fixed assets		(11.3)	(14.6)
Acquisition of subsidiary companies and other businesses		(4.1)	(4.2)
Purchase of investments		(2.8)	(0.2)
Dividends paid		(8.2)	(7.3)
Taxation paid		(6.6)	(3.6)
Extraordinary items (gross) — paid		(3.5)	—
— provided		—	(2.4)
Currency translation movement		1.2	(4.3)
<b>Total application of funds</b>		<b>(35.3)</b>	<b>(36.6)</b>
<b>Increase in funds</b>		<b>24.0</b>	<b>22.8</b>
<b>Statement of borrowings (Note 21)</b>			
At 29th December 1984		40.1	62.9
At 28th December 1985		16.1	40.1
<b>Decrease in net borrowings</b>		<b>24.0</b>	<b>22.8</b>

The effect of the disposal and acquisition of subsidiary companies and businesses is summarised below		Source and Application of Funds of the disposal and acquisition of subsidiary companies and businesses are summarised below	
		1985 £million	1984 £million
Movements on net assets			
Fixed assets — tangible		(2.6)	5.6
— investments		—	3.4
Stocks		(1.5)	26.5
Debtors		—	14.2
Operating creditors		—	(13.5)
Loss on disposal of subsidiaries		—	(1.1)
Minority interest		—	(5.4)
<b>Net (acquisitions)/disposals</b>		<b>(4.1)</b>	<b>29.7</b>
Discharged by			
Cash received and receivable		—	15.1
Cash paid and payable		(4.1)	(4.2)
Borrowings eliminated		—	18.8
<b>Net (payments)/receipts</b>		<b>(4.1)</b>	<b>29.7</b>

## Consolidated Profit and Loss Account

For the 52 weeks ended 28th December 1985	Notes	1985 £million	1984 £million
<b>Turnover</b>	3	464.1	514.1
Net ordinary operating costs	4	(424.5)	(478.5)
<b>Operating profit</b>	3	39.6	35.6
Interest payable (net)	7	(4.0)	(9.1)
<b>Profit on ordinary activities before taxation</b>		35.6	26.5
Tax on profit on ordinary activities	8	(12.3)	(8.2)
<b>Profit on ordinary activities after taxation</b>		23.3	18.3
Minority interests		—	0.6
<b>Profit after taxation and minority interests</b>		23.3	18.9
Preference dividends	9	(0.1)	(0.1)
<b>Earnings for the period</b>		23.2	18.8
Ordinary dividends	9	(8.8)	(7.7)
Extraordinary items	11	(2.3)	(3.9)
<b>Profit retained</b>	12 & 25	12.1	7.2
<b>Earnings per share — net basis</b>	13	27.69p	22.45p
— nil distribution basis		24.41p	17.91p

Notes on the accounts, pages 21 to 34.  
Movements on reserves are set out in note 25.

## Consolidated Balance Sheet



1984 £million	28th December 1985	Notes	1985 £million	1984 £million
514.1	<b>Assets employed</b>			
	<b>Fixed assets</b>			
	Tangible assets	14	76.1	89.8
	Investments	16	3.2	1.3
(478.5)	<b>Total fixed assets</b>		<b>79.3</b>	<b>91.1</b>
	<b>Current assets</b>			
35.6	Stocks	17	86.1	85.8
(0.1)	Debtors	18	103.7	99.6
	Cash at bank and in hand	21	10.4	21.9
26.5	<b>Total current assets</b>		<b>200.2</b>	<b>207.3</b>
(8.2)				
	<b>Creditors - - amounts falling due within one year</b>			
8.3	Operating creditors	19	(122.6)	(106.0)
0.6	Short term borrowings	21	(1.3)	(9.9)
	<b>Total amounts falling due within one year</b>		<b>(123.9)</b>	<b>(115.9)</b>
	<b>Net current assets</b>		<b>76.3</b>	<b>91.4</b>
18.9	<b>Total assets less current liabilities</b>		<b>155.6</b>	<b>182.5</b>
(0.1)				
	<b>Creditors - - amounts falling due after more than one year</b>			
18.8	Operating creditors	19	(7.9)	(8.4)
(7.7)	Medium and long term borrowings	21	(25.2)	(52.1)
(3.9)				
	<b>Provisions for liabilities and charges</b>			
	Deferred taxation	22	(3.2)	(4.6)
7.2	<b>Total net assets employed</b>		<b>119.3</b>	<b>117.4</b>
22.45p	<b>Capital and reserves</b>			
17.91p	Ordinary shares	24	20.9	20.9
	Preference shares	24	1.3	1.3
	Called up share capital		22.2	22.2
	Share premium account	25	21.4	21.4
	Revaluation reserve	25	6.9	13.2
	Profit and loss account	25	68.7	60.5
	<b>Total capital and reserves</b>		<b>119.2</b>	<b>117.3</b>
	<b>Minority interests</b>		<b>0.1</b>	<b>0.1</b>
	<b>Total capital and reserves and minority interests</b>		<b>119.3</b>	<b>117.4</b>

**Capital and reserves and minority interests**

*Alfred*  
*Chairman*

**L Fletcher** Chairman

**G Davies** Group Chief Executive

Notes on the accounts, pages 21 to 34.

## Balance Sheet

	28th December 1985	Notes	1985 £million	1984 £million
<b>Assets employed</b>				
<b>Fixed assets</b>				
Investments	16		183.8	175.4
<b>Current assets</b>				
Debtors	18		14.8	11.0
Cash at bank and in hand	21		0.6	3.7
<b>Total current assets</b>			15.4	14.7
<b>Creditors — amounts falling due within one year</b>				
Operating creditors	19		(10.2)	(9.9)
Short term borrowings	21		(48.2)	(38.1)
<b>Total amounts falling due within one year</b>			(58.4)	(48.0)
<b>Net current liabilities</b>			(43.0)	(33.3)
<b>Total assets less current liabilities</b>			140.8	142.1
<b>Creditors — amounts falling due after more than one year</b>				
Medium and long term borrowings	21		(24.5)	(51.4)
<b>Provisions for liabilities and charges</b>				
Deferred taxation	22		(1.8)	(0.9)
<b>Total net assets employed</b>			114.5	89.8
<b>Capital and reserves</b>				
<b>Capital and reserves</b>				
Ordinary shares	24		20.9	20.9
Preference shares	24		1.3	1.3
Called up share capital			22.2	22.2
Share premium account	25		21.4	21.4
Other reserves	25		0.8	0.8
Profit and loss account	25		70.1	45.4
<b>Total capital and reserves</b>			114.5	89.8


L Fletcher Chairman

G Davies Group Chief Executive

Notes on the accounts, pages 21 to 34.



## 1 Accounting policies

The following statements outline the main accounting policies of the group

### Basis of accounting

The historical cost convention is used for the preparation of the accounts except where adjusted for revaluations of certain fixed assets.

### 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. The profit and loss account also includes the results of subsidiaries 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 related companies.

### Acquisitions

Shares issued as consideration for the acquisition of companies are issued at the value placed on them in the relevant contract or offer document. Where no value is specified they are issued at par. Net tangible assets acquired are consolidated at a fair value to the group. Differences arising between the purchase consideration and the net tangible assets acquired are dealt with through reserves.

### Research and development

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

### Foreign currencies

The results of overseas subsidiaries and assets and liabilities in foreign currencies are translated into sterling at the mid-market rates of exchange ruling at the close of the financial period.

### Stocks

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

### Depreciation

Tangible fixed assets are depreciated from the date of acquisition to the date of disposal.

Depreciation is calculated using the straight line method on the gross values of fixed assets after deduction of Government grants 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 or repayment will probably arise in the foreseeable future and is calculated at taxation rates expected to apply at that time.

### 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.

	1984 £million
175.4	
11.0	
3.7	
14.7	
(9.9)	
(38.1)	
(48.0)	
(33.3)	
142.1	
(51.4)	
(0.9)	
89.8	

20.9	
1.3	
22.2	
21.4	
0.8	
45.4	
89.8	

**2 Change in accounting policy**

Assets and obligations under finance leases and hire purchase contracts are now recorded in the balance sheet. The effect is to increase tangible fixed assets by £5.0 million and creditors by £4.8 million. At 29th December 1984 the effect would have been to increase tangible fixed assets by £6.1 million, creditors by £5.9 million and retained profit by £0.2 million. The effects of the changes to the profit and loss account for the period to 29th December 1984 would have been to replace payments under finance leases of £1.6 million with increased depreciation of £1.3 million and increased interest of £0.3 million, leaving unchanged the profit on ordinary activities before taxation. The comparative figures have been adjusted accordingly. It is impracticable to restate the figures for earlier years.

**3 Principal activities****Turnover and operating profit by sub-group**

	Turnover		Operating profit	
	1985	1984	1985	1984
	£million	£million	£million	£million
<b>United Kingdom and European operations</b>				
Consumer & building products	90.6	87.3	9.5	7.9
Engineering	67.9	57.2	2.7	1.7
Steels	147.5	139.0	12.1	10.7
Tubes & fittings	115.5	99.0	11.4	9.9
Properties — group occupied	—	—	3.4	3.5
— external	1.3	1.3	0.8	0.7
Other operations	6.0	8.9	—	(0.5)
Central costs	—	—	(1.2)	(1.2)
<b>Total UK and European operations</b>	<b>428.8</b>	<b>392.7</b>	<b>38.7</b>	<b>32.7</b>
<b>Other overseas operations</b>				
United States of America and Australia	26.8	50.0	0.8	1.9
South Africa	8.5	71.4	0.1	1.0
<b>Total other overseas operations</b>	<b>35.3</b>	<b>121.4</b>	<b>0.9</b>	<b>2.9</b>
<b>Total turnover and operating profit</b>	<b>464.1</b>	<b>514.1</b>	<b>39.6</b>	<b>35.6</b>

	1985		1984	
	£million	%	£million	%
<b>Turnover by geographical area</b>				
North and South America	31.7	6.8	54.0	10.5
Europe	17.6	3.8	16.0	3.1
Middle East	10.4	2.3	9.2	1.8
Southern Africa	10.1	2.2	72.9	14.2
Asia and Australasia	3.9	0.8	5.4	1.0
<b>Total overseas</b>	<b>73.7</b>	<b>15.9</b>	<b>157.5</b>	<b>30.6</b>
<b>United Kingdom</b>	<b>390.4</b>	<b>84.1</b>	<b>356.6</b>	<b>69.4</b>
<b>Total turnover</b>	<b>464.1</b>	<b>100.0</b>	<b>514.1</b>	<b>100.0</b>

Sales value of direct exports from the United Kingdom during the year was **£33 million** (1984 £31 million).

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



## 4 Operating costs

	1985 £million	1984 £million
<b>Net ordinary operating costs</b>		
Raw materials and consumables	233.0	241.7
Staff costs (see note 6)	99.3	110.4
Other operating charges	56.9	77.5
Change in stocks of finished goods and work in progress	1.3	15.6
Own work capitalised	(0.2)	(0.5)
Other operating income	(3.7)	(8.1)
Other external charges	27.4	30.9
Depreciation and other amounts written off tangible fixed assets	10.5	10.9
Share of profits of related companies	—	(0.1)
<b>Total net ordinary operating costs</b>	<b>424.5</b>	<b>478.6</b>

Net ordinary operating costs include the following

<b>Operating lease rentals</b>		
Hire of plant, equipment and vehicles	1.1	1.6
Other operating leases	1.0	0.9
<b>Total operating lease rentals</b>	<b>2.1</b>	<b>2.5</b>
<b>Auditors' remuneration</b>	<b>0.5</b>	<b>0.7</b>

**Emoluments of directors of Glynwed International plc**

	£000	£000
As directors	65	70
As executives	225	320
Augmentation of pension fund	70	—
Payments in connection with retirements from office	138	40
<b>Total directors' emoluments</b>	<b>498</b>	<b>430</b>

## 5 Directors' emoluments

Directors' emoluments disclosed in accordance with Part V of Schedule 5 to the Companies Act 1985, and excluding pension contributions, are as follows

	1985 £	1984 £
Chairman	38,595	38,673
Highest paid director	97,633	83,455
Other directors	Number of directors	
£		
60,001 to 65,000	1	1
50,001 to 55,000	—	1
40,001 to 45,000	—	1
10,001 to 15,000	2	2
5,001 to 10,000	1	2
Up to 5,000	2	—

## Notes on the Accounts

### 6 Employee information

**Average number of employees**  
The average number of employees, including executive directors, is analysed below

	1985	1984
	Number of employees	
United Kingdom and Europe	9,917	9,923
South Africa	1,051	3,601
United States of America	280	384
Australia	9	11
<b>Total</b>	<b>11,267</b>	<b>13,919</b>

£million      £million

#### Staff Costs

Staff costs of above employees  
Wages and salaries  
Social security costs  
Other pension costs

#### Total

65.1	95.2
7.0	7.5
7.2	7.7
<b>99.3</b>	<b>110.4</b>

The number of UK employees other than directors who received emoluments, excluding pension contributions, in excess of £30,000 is as follows

£
60,001 to 65,000
55,001 to 60,000
50,001 to 55,000
45,001 to 50,000
40,001 to 45,000
35,001 to 40,000
30,001 to 35,000

Number of employees

1	—
1	1
1	—
—	2
2	—
3	1
9	7

### 7 Interest payable (net)

	1985 £million	1984 £million
<b>Interest payable and similar charges</b>		
On borrowings wholly repayable within five years	2.8	6.3
On all other borrowings	2.1	3.4
On finance leases	0.4	0.3
<b>Total interest payable and similar charges</b>	<b>5.3</b>	<b>10.0</b>
<b>Less other interest receivable and similar income</b>	<b>1.3</b>	<b>0.9</b>
<b>Interest payable (net)</b>	<b>4.0</b>	<b>9.1</b>

### 8 Taxation

	1985 £million	1984 £million
On the profit of the period	15.9	12.3
United Kingdom corporation tax at 41.25% (1984 46.25%)	(1.4)	(0.7)
Transfer from deferred taxation	(2.7)	(3.8)
Advance corporation tax recoverable	11.6	7.8
United Kingdom taxation	0.1	0.5
Overseas taxation	11.9	8.3
Taxation on the profit of the period	0.4	(0.1)
Previous year adjustments	12.3	8.2
<b>Total tax on profit on ordinary activities</b>	<b>12.3</b>	<b>8.2</b>





## 9 Dividends

	1985 £million	1984 £million
Preference dividends 5.425%	0.1	0.1
Ordinary dividends		
Interim dividend paid of 3.75p per share (1984 3.25p)	3.1	2.7
Proposed final dividend of 6.75p per share (1984 6.00p)	5.7	5.0
<b>Total ordinary dividends of 10.50p per share (1984 9.25p)</b>	<b>8.8</b>	<b>7.7</b>

1984  
employees  
9,923  
3,801  
384  
11  
13,919

## 10 Profit for the period

Group profit after taxation, minority interests and extraordinary items for the period was £21.0 million (1984 £15.0 million). Glynwed International plc has taken advantage of section 228(7) of the Companies Act 1985 and has not included its own profit and loss statement in these accounts: its corresponding profit was £36.5 million (1984 £15.6 million). Included in the profit of Glynwed International plc is £12 million in respect of dividends received from subsidiaries paid out of previous years' profits.

£million  
95.2  
7.5  
7.7  
110.4

## 11 Extraordinary items

	1985 £million	1984 £million
Losses on disposals and termination costs of discontinued businesses	3.5	2.4
Taxation applicable	(1.2)	1.5
<b>Total extraordinary items</b>	<b>2.3</b>	<b>3.9</b>

employees  
—  
1  
—  
2  
—  
1  
7

## 12 Profit retained

	1985 £million	1984 £million
Glynwed International plc	27.6	7.8
Subsidiary companies	(15.5)	(0.7)
Related companies	—	0.1
<b>Total profit retained</b>	<b>12.1</b>	<b>7.2</b>

1984  
£million  
6.3  
3.4  
0.3  
10.0  
0.9  
9.1

## 13 Calculations of earnings per share

The calculations of earnings per ordinary share are based on the figures set out below and an average of 83.7 million ordinary shares of 25p each (1984 83.7 million) in issue.

	1985 £million	1984 £million
Profit after taxation	23.3	18.3
Minority interests	—	0.6
Preference dividends	(0.1)	(0.1)
<b>Net basis</b>	<b>23.2</b>	<b>18.8</b>
Advance corporation tax recoverable	(2.7)	(3.8)
<b>Nil distribution basis</b>	<b>20.5</b>	<b>15.0</b>
<b>Earnings per share — net basis</b>	<b>27.69p</b>	<b>22.45p</b>
— nil distribution basis	<b>24.41p</b>	<b>17.91p</b>

1984  
£million  
12.3  
(0.7)  
(3.8)  
7.8  
0.5  
8.3  
(0.1)  
8.2

## 14 Tangible fixed assets

	Land and buildings			Plant and machinery	Fixtures, fittings, tools and equipment	1985 Total tangible fixed assets	1984 Total tangible fixed assets
	Freehold	Leasehold Long	Leasehold Short	£million	£million	£million	£million
<b>Cost and valuation</b>							
At 30th December 1984	51.4	2.3	0.6	80.5	18.2	153.0	157.8
Finance leases not previously capitalised	—	—	—	2.8	7.0	9.8	5.6
As restated	51.4	2.3	0.6	83.3	25.2	162.8	163.4
Exchange adjustments	(2.7)	—	0.1	(3.3)	(0.7)	(6.6)	(1.0)
Businesses acquired	0.9	—	—	1.7	—	2.6	1.6
Additions at cost	0.7	0.2	—	5.7	4.7	11.3	14.6
Disposals	(6.2)	—	—	(2.2)	(2.9)	(11.3)	(15.8)
Deficit on revaluation	(8.4)	0.1	(0.3)	—	—	(8.6)	—
At 28th December 1985	35.7	2.6	0.4	85.2	26.3	150.2	162.8
Cost	1.2	—	0.2	83.3	26.1	110.8	116.3
Professional valuations 1985	34.3	2.6	0.2	—	—	37.1	—
Previous years	0.2	—	—	—	—	0.2	43.5
Directors valuations 1970 and earlier	—	—	—	1.9	0.2	2.1	3.0
At 28th December 1985	35.7	2.6	0.4	85.2	26.3	150.2	162.8
<b>Accumulated depreciation</b>							
At 30th December 1984	3.1	0.1	0.2	55.8	10.1	69.3	67.0
Finance leases not previously capitalised	—	—	—	0.3	3.4	3.7	2.4
As restated	3.1	0.1	0.2	56.1	13.5	73.0	69.4
Exchange adjustments	(0.1)	—	—	(1.5)	(0.4)	(2.0)	(0.2)
Provision for the period	0.8	—	0.1	5.6	4.0	10.5	10.9
Disposals	(0.8)	—	—	(1.8)	(2.1)	(4.7)	(7.1)
Depreciation on revalued assets	(2.5)	(0.1)	(0.1)	—	—	(2.7)	—
At 28th December 1985	0.5	—	0.2	58.4	15.0	74.1	73.0
<b>Net book value</b>							
At 28th December 1985	35.2	2.6	0.2	26.8	11.3	76.1	—
At 30th December 1984	48.3	2.2	0.4	27.2	11.7	—	69.8

Freehold and leasehold properties, apart from those in France and Holland, were valued during the period by professional valuers. In the United Kingdom the valuations were by Colliers, Bigwood & Bewlay of Birmingham. In the United States of America by Cushman & Wakefield of Georgia Inc of Atlanta, Georgia and in the Republic of South Africa by Richard Ellis South Africa (Pty) Limited of Durban. These valuations, based on vacant possession open market value of the properties, amounted to £37.1 million and have been included in the accounts giving a deficit of £5.9 million against the net book values. This deficit has been charged against the existing revaluation reserves (see note 25). The annual charge for depreciation for future years based on the buildings' valuation will be reduced by approximately £0.2 million. The properties which were not revalued have a book value of £0.7 million.

The values of the tangible fixed assets not included in the professional valuations were considered by the directors and in their opinion the aggregate value of these fixed assets was not less than their aggregate net book values as stated in the accounts.

Included in the cost of tangible fixed assets is £2.1 million (1984 £1.8 million) in respect of assets in course of construction.

The historical cost of assets amounts to £151.7 million (1984 £143.8 million) and the accumulated depreciation thereon is £82.4 million (1984 £75.4 million), giving a net book value of £69.3 million (1984 £68.4 million).

The net book value of tangible fixed assets includes £5.0 million (1984 £6.1 million) in respect of assets held under finance leases. Depreciation for the year on these assets was £1.7 million (1984 £1.3 million).



## 15 Commitments

## Capital commitments

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

## Total capital commitments

## Finance lease commitments

## Operating lease commitments for 1986

Group	
1985	1984
£million	£million
1.1	2.5
1.9	1.9
3.0	4.4
0.5	—

	Land and buildings		Other operating leases	
	1985	1984	1985	1984
	£million	£million	£million	£million
Leases expiring				
Within one year	0.1	—	0.1	0.1
Between one and two years	0.2	0.1	0.3	0.1
Between two and five years	—	0.2	0.2	0.1
After more than five years	0.6	0.5	—	—
Total operating lease commitments	0.9	0.8	0.6	0.3

Glynwed International plc had no commitments (1984: nil).

## 16 Investments

## Group

At 30th December 1984  
Exchange adjustments  
Additions  
Disposals  
Goodwill written off  
Movement during period

At 28th December 1985

Listed (market value £3.2 million)  
Unlisted

At 28th December 1985

	Share of net assets £million	Related companies Goodwill due from £million	Amounts due from £million	Other invest- ments £million	Total £million
At 30th December 1984	0.5	0.4	—	0.4	1.3
Exchange adjustments	(0.1)	—	—	—	(0.1)
Additions	2.4	0.4	—	—	2.8
Disposals	—	—	—	(0.1)	(0.1)
Goodwill written off	—	(0.8)	—	—	(0.8)
Movement during period	—	—	0.1	—	0.1
At 28th December 1985	2.8	—	0.1	0.3	3.2
Listed (market value £3.2 million)	2.4	—	—	0.3	2.7
Unlisted	0.4	—	0.1	—	0.5
At 28th December 1985	2.8	—	0.1	0.3	3.2

## Glynwed International plc

## Subsidiaries

At 30th December 1984  
Group transfers  
Provisions no longer required  
Movements during period

At 28th December 1985

## Other investments

## Total investments

At 28th December 1985

At 30th December 1984

	Cost of shares £million	Pro- visions £million	Amounts due from subsidi- aries £million	(to) subsidi- aries £million	Total £million
At 30th December 1984	77.6	(18.0)	194.8	(79.4)	175.0
Group transfers	(2.9)	0.2	2.7	—	—
Provisions no longer required	—	5.7	—	—	5.7
Movements during period	—	—	3.8	(3.4)	0.4
At 28th December 1985	74.7	(12.1)	201.3	(82.8)	181.1
Other investments	2.8	(0.1)	—	—	2.7
Total investments	77.5	(12.2)	201.3	(82.8)	183.8
At 28th December 1985	77.5	(12.2)	201.3	(82.8)	183.8
At 30th December 1984	78.4	(18.4)	194.8	(79.4)	175.4

## Notes on the Accounts

## 17 Stocks

	1985 £million	1984 £million
Raw materials and consumables	24.7	26.7
Work in progress	14.7	15.6
Finished goods and goods for re-sale	46.7	43.5
<b>Total stocks</b>	<b>86.1</b>	<b>85.8</b>

## 18 Debtors

	Group		Glynwed International plc	
	1985 £million	1984 £million	1985 £million	1984 £million
<b>Amounts falling due within one year</b>	<b>95.8</b>	<b>89.7</b>	<b>—</b>	<b>—</b>
Trade debtors	4.0	6.8	—	—
Other debtors	3.9	3.1	—	—
Prepayments and accrued income	—	—	7.4	3.9
Advance corporation tax	—	—	—	—
<b>Total debtors falling due within one year</b>	<b>103.7</b>	<b>99.6</b>	<b>7.4</b>	<b>3.9</b>
<b>Amounts falling due after more than one year</b>	<b>—</b>	<b>—</b>	<b>7.4</b>	<b>7.1</b>
Advance corporation tax	—	—	—	—
<b>Total debtors</b>	<b>103.7</b>	<b>99.6</b>	<b>14.8</b>	<b>11.0</b>

## 19 Creditors

	Group		Glynwed International plc	
	1985 £million	1984 £million	1985 £million	1984 £million
<b>Amounts falling due within one year</b>	<b>70.1</b>	<b>67.4</b>	<b>—</b>	<b>—</b>
Trade creditors	3.7	0.5	—	—
Bills of exchange payable	1.3	1.3	—	—
Social security	5.7	5.0	5.7	5.0
Dividends payable	11.2	11.0	0.4	0.5
Accruals and deferred income	12.8	7.2	3.0	3.4
Taxation	16.4	11.9	1.1	1.0
Other creditors	1.4	1.7	—	—
Finance leases	—	—	—	—
<b>Total creditors falling due within one year</b>	<b>122.6</b>	<b>106.0</b>	<b>10.2</b>	<b>9.9</b>
<b>Amounts falling due after more than one year</b>	<b>4.5</b>	<b>4.2</b>	<b>—</b>	<b>—</b>
Taxation	3.4	4.2	—	—
Finance leases	—	—	—	—
<b>Total creditors falling due after more than one year</b>	<b>7.9</b>	<b>8.4</b>	<b>—</b>	<b>—</b>

## 20 Obligations under finance leases

	1985 £million	1984 £million
Payable after five years	0.1	—
Payable between two and five years	2.3	2.7
Payable between one and two years	1.0	1.5
<b>Total payable after more than one year</b>	<b>3.4</b>	<b>4.2</b>
Payable within one year	1.4	1.7
<b>Total obligations under finance leases</b>	<b>4.8</b>	<b>5.9</b>

## 21 Borrowings

<b>Group</b>
Amounts falling due within one year
6% Loan Stock
Other
<b>Total falling due within one year</b>
Amounts falling due after more than one year
Wholly repayable
Repayable by instalments
Other than 7.5% Debentures
10.75% Loan Stock
*Other
<b>Total falling due after more than one year</b>
<b>Total borrowings</b>
Cash at bank and in hand
<b>Total net assets</b>

<b>Glynwed International plc</b>
Amounts falling due within one year
6% Loan Stock
Other
<b>Total falling due within one year</b>
Amounts falling due after more than one year
Wholly repayable
Repayable by instalments
Other than 7.5% Debentures
10.75% Loan Stock
*Other
<b>Total falling due after more than one year</b>
<b>Total borrowings</b>
Cash at bank and in hand
<b>Total net assets</b>
Short term borrowings against current assets
*Interest

**21 Borrowings****Group****Amounts falling due within one year**

6% Loan Stock 1983/85

Other

**Total falling due within one year****Amounts falling due after more than one year**

Wholly repayable within five years

Repayable over more than five years

By instalments

Other than by instalments

7.5% Debenture Stock 1989/94

10.75% Loan Stock 1994/99

\*Other

Total falling due over more than five years

**Total falling due after more than one year****Total borrowings**

Cash at bank and in hand

**Total net borrowings****Glynwed International plc****Amounts falling due within one year**

6% Loan Stock 1983/85

Other

**Total falling due within one year****Amounts falling due after more than one year**

Wholly repayable within five years

Repayable over more than five years

By instalments

Other than by instalments

7.5% Debenture Stock 1989/94

10.75% Loan Stock 1994/99

\*Other

Total falling due over more than five years

**Total falling due after more than one year****Total borrowings**

Cash at bank and in hand

**Total net borrowings**

	Bank Unsecured £million	Other than bank Secured £million	Other than bank Unsecured £million	1985 Total borrowings £million	Bank Unsecured £million	Other than bank Secured £million	Other than bank Unsecured £million	1984 Total borrowings £million
<b>Group</b>								
<b>Amounts falling due within one year</b>								
6% Loan Stock 1983/85	—	—	—	—	—	—	5.7	5.7
Other	1.1	—	0.2	1.3	2.6	0.7	0.9	4.2
<b>Total falling due within one year</b>	1.1	—	0.2	1.3	2.6	0.7	6.6	9.9
<b>Amounts falling due after more than one year</b>								
Wholly repayable within five years	3.5	0.1	0.2	3.8	19.6	—	0.3	19.9
Repayable over more than five years								
By instalments	—	—	—	—	16.0	—	—	16.0
Other than by instalments	—	2.3	—	2.3	—	2.5	—	2.5
7.5% Debenture Stock 1989/94	—	—	5.9	5.9	—	—	5.9	5.9
10.75% Loan Stock 1994/99	13.2	—	—	13.2	7.8	—	—	7.8
*Other	—	—	—	—	—	—	—	—
<b>Total falling due over more than five years</b>	13.2	2.3	5.9	21.4	23.8	2.5	5.9	32.2
<b>Total falling due after more than one year</b>	16.7	2.4	6.1	25.2	43.4	2.5	6.2	52.1
<b>Total borrowings</b>	17.8	2.4	6.3	26.5	46.0	3.2	12.8	62.0
<b>Cash at bank and in hand</b>				(10.4)				(21.9)
<b>Total net borrowings</b>				16.1				40.1
<b>Glynwed International plc</b>								
<b>Amounts falling due within one year</b>								
6% Loan Stock 1983/85	—	—	—	—	—	—	5.7	5.7
Other	48.2	—	—	48.2	32.4	—	—	32.4
<b>Total falling due within one year</b>	48.2	—	—	48.2	32.4	—	5.7	38.1
<b>Amounts falling due after more than one year</b>								
Wholly repayable within five years	3.2	—	—	3.2	19.2	—	—	19.2
Repayable over more than five years								
By instalments	—	—	—	—	16.0	—	—	16.0
Other than by instalments	—	2.3	—	2.3	—	2.5	—	2.5
7.5% Debenture Stock 1989/94	—	—	5.9	5.9	—	—	5.9	5.9
10.75% Loan Stock 1994/99	13.1	—	—	13.1	7.8	—	—	7.8
*Other	—	—	—	—	—	—	—	—
<b>Total falling due over more than five years</b>	13.1	2.3	5.9	21.3	23.8	2.5	5.9	32.2
<b>Total falling due after more than one year</b>	16.3	2.3	5.9	24.5	43.0	2.5	5.9	51.4
<b>Total borrowings</b>	64.5	2.3	5.9	72.7	75.4	2.5	11.6	89.5
<b>Cash at bank and in hand</b>				(0.6)				(3.7)
<b>Total net borrowings</b>				72.1				85.8

Short term borrowings of Glynwed International plc from UK clearing banks are set off, in the group accounts, against cash balances held by UK companies in those banks.

\*Interest rates are no more than 1% above the appropriate market rate.

**21 Borrowings**  
(continued)**Listed debt, bank and other borrowings****Listed debt**

6% Loan Stock 1983/85  
7.5% Debenture Stock 1989/94  
10.75% Loan Stock 1994/99

**Total listed debt****Total other borrowings****Total listed debt and other borrowings****Total bank borrowings****Total borrowings****Cash at bank and in hand****Total net borrowings**

All loan capital is repayable at par at maturity.

**Analysis of maturity of borrowings**

	1985			1984		
	Bank £million	Other than bank £million	Total £million	Bank £million	Other than bank £million	Total £million
<b>Group</b>						
Repayable after five years	13.2	8.2	21.4	14.2	8.3	22.5
Repayable between two and five years	0.5	0.3	0.8	24.0	0.3	24.3
Repayable between one and two years	3.0	—	3.0	5.2	0.1	5.3
Total repayable after more than one year	16.7	8.5	25.2	43.4	8.7	52.1
Repayable within one year	1.1	0.2	1.3	2.6	7.3	9.9
<b>Total borrowings</b>	<b>17.8</b>	<b>8.7</b>	<b>26.5</b>	<b>46.0</b>	<b>16.0</b>	<b>62.0</b>
<b>Glynwed International plc</b>						
Repayable after five years	13.1	8.2	21.3	14.2	8.4	22.6
Repayable between two and five years	0.2	—	0.2	23.6	—	23.6
Repayable between one and two years	3.0	—	3.0	5.2	—	5.2
Total repayable after more than one year	16.3	8.2	24.5	43.0	8.4	51.4
Repayable within one year	48.2	—	48.2	32.4	5.7	38.1
<b>Total borrowings</b>	<b>64.5</b>	<b>8.2</b>	<b>72.7</b>	<b>75.4</b>	<b>14.1</b>	<b>89.5</b>

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.

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

**22 Defe****23 Cor****24 Sha**

Glynwed International plc

1984  
£million

5.7  
3.6  
5.9  
14.1  
14.1  
75.4  
89.5  
(3.7)  
85.8

**22 Deferred taxation**

The provision made in the accounts for deferred taxation, and the additional unprovided liability, are set out below

	1985		1984	
	Provided £million	Un- provided £million	Provided £million	Un- provided £million
Timing differences mainly between tax allowances and depreciation	3.4	7.4	4.8	8.1
Taxation losses carried forward	(0.2)	—	(0.2)	—
Advance corporation tax recoverable	—	—	—	(2.6)
Corporation tax payable if properties were disposed of at revalued amounts	—	1.7	—	4.8
<b>Total deferred taxation</b>	<b>3.2</b>	<b>9.1</b>	<b>4.6</b>	<b>10.3</b>

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

1984

Total  
£million

22.5  
24.3  
5.3  
52.1  
9.9  
62.0

22.6  
23.6  
5.2  
51.4  
38.1  
89.5

**23 Contingent liabilities**

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

**24 Share capital**

	Ordinary shares of 25p each		5.425% Cumulative preference shares of £1 each	
	1985 £million	1984 £million	1985 £million	1984 £million
Value				
Authorised	30.0	30.0	1.3	1.3
Issued	20.9	20.9	1.3	1.3
	million	million	million	million
Number				
Authorised	120.0	120.0	1.3	1.3
Issued	83.7	83.7	1.3	1.3

Under the Glynwed International Senior Executive Share Option Scheme, at 28th December 1985 options had been granted and were outstanding, exercisable in the seven years to December 1994, in respect of 880,000 ordinary shares at 150p per share. Under the Glynwed International Savings-Related Share Option Scheme, at 28th December 1985 options had been granted and were outstanding, exercisable ordinarily in the six months to November 1990, in respect of 679,799 ordinary shares at 183p per share.

## Notes on the Accounts

## 25 Reserves

	Share premium £million	Revalu- ation reserve £million	Other reserves £million	Profit and loss account £million	Total £million
<b>Group</b>	21.4	13.2	—	60.3	94.9
Balances at 30th December 1984	—	—	—	0.2	0.2
Change in accounting policy -- finance leases	—	—	—	—	—
As restated	21.4	13.2	—	60.5	95.1
Exchange differences	—	(0.2)	—	(3.3)	(3.5)
Goodwill written off	—	—	—	(0.8)	(0.8)
Movement on reserves	—	(0.2)	—	0.2	—
Deficit on revaluation of properties	—	(5.9)	—	—	(5.9)
Profit retained	—	—	—	12.1	12.1
<b>Balances at 28th December 1985</b>	<b>21.4</b>	<b>6.9</b>	<b>—</b>	<b>68.7</b>	<b>97.0</b>
<b>Glynwed International plc</b>	21.4	—	0.8	45.4	67.6
Balances at 30th December 1984	—	—	—	(2.5)	(2.5)
Exchange differences	—	—	—	(0.4)	(0.4)
Goodwill written off	—	—	—	—	—
Profit retained	—	—	—	27.6	27.6
<b>Balances at 28th December 1985</b>	<b>21.4</b>	<b>—</b>	<b>0.8</b>	<b>70.1</b>	<b>92.3</b>

In accordance with SSAP 20, exchange gains of £4.0 million (1984 £6.4 million losses) arising from the translation of foreign currency borrowings used to finance foreign currency investments, have been offset as reserve movements against exchange differences arising on the retranslation of the net investments.

26 Trading subsidiaries  
and related companies

The following is a list of the company's principal subsidiaries and related companies at 28th December 1985 which traded during the period, and a brief description of their current activities.

The capital in each case consists wholly of ordinary shares or common stock. The percentage of capital owned is stated in brackets, unless wholly owned.

**Subsidiaries**

**Registered in England and operating in the United Kingdom (except where stated)**

**Consumer & Building Products Division****\*Glynwed Consumer & Building Products Limited†**

Agar-Rayburn — multi-fuel cooking and heating appliances.  
Falcon Catering Equipment — commercial and institutional catering equipment.  
Plavet Leisure — gas cookers and fires.  
Leisure — sinks, basins and showers.  
Glynwed Foundries — cast iron building products.  
Thames Bank Iron Co — builders' castings.

Rawnsley Foundry Limited† — ironmongery castings.

**Engineering Division****\*Glynwed Engineering Limited**

Glynwed Fastenings — high tensile bolts, studs and special fastenings.  
Cooper & Turner — railway, structural and general engineering fastenings.  
Steelway-Fensecure — steel flooring, stairways, security fencing and fabrications.  
Paul Fabrications — high technology metal fabrications.  
J. Burns — automotive trim manufacturers.  
Tower Manufacturing — cable clips, masonry nails, rivets and consumer electronics.  
Ansell Jones — special lifting equipment.

**\*Glynwed Distribution Limited**

MBS Distribution — fastenings, bearings and small tools.  
Oddball — special bearings.  
Oddbolt — non-standard fastenings.

\*La Dauphinoise SA (France) — fastenings, eyelets and rivets.





**26 Trading subsidiaries  
and related companies  
(continued)**

	Total £million
8	94.9
2	0.2
5	95.1
3	(3.5)
8	(0.8)
2	—
—	(5.9)
1	12.1
7	97.0

4	67.6
5	(2.5)
4	(0.4)
6	27.6
1	92.3

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**Steels Division**

**\*Glynwed Steels Limited**

Ductile Hot Mill -- hot, re-rolled flat products.  
Dudley Port Rolling Mills -- hot re-rollers.  
George Gadd & Co -- steel re-rollers.  
W. Wesson -- hot and cold finished steels.  
Joseph Gillott & Sons -- steel re-rollers.  
Steel Parts -- cold finished steel.  
Longmore Brothers -- bright drawn steels, steel conduit and precision tubes.  
Stourbridge Rolling Mills -- cold rolled strip.  
Ductile Sections -- cold formed light sections.  
Ductile Cold Mill -- cold rolled strip.  
Ductile Steel Processors -- coil slitting and pickling.  
Ductile Steel Stockists -- steel stockholder.  
Metalon Steels -- electro-galvanisers.  
Macreadys -- stockholders of carbon and alloy steels.  
Cashmores Stainless -- stockholders and processors of stainless steel.  
Cashmores Scrap -- scrap metals.

**Tubes & Fittings Division**

**\*Glynwed Tubes & Fittings Limited**

Wednesbury Tube -- copper tubes and fittings.  
Coventry Tubes Permatube -- welded stainless and nickel alloy tubes.  
Glynwed Plant -- plant and toolmakers.  
Monmore Tubes -- ERW, flo-coat and spectra-coat steel tube.  
Newman-Tipper Tubes -- steel tube.  
Abbey Tubes } stockists of ERW, cold drawn, seamless and structural  
Atlantic Tubes } steel tube.  
Olympic Tubestock }  
Tipper Fittings -- pipe fittings and flanges for gas, steam and water services.  
A & D Tube Manipulations -- tube manipulations.  
Wask Engineering -- pipe fittings and equipment for gas, oil and water industry.  
Vulcathene -- chemical waste drainage and electrofusion pipework systems.  
Townsend Rubber Products -- precision rubber mouldings.  
Copper Plastics -- distribution of thermoplastic pipework products.  
Durapipe -- thermoplastic pipework systems.

Certex Limited -- uPVC windows.

Nederlandse Autofitting Fabriek BV (Holland)† -- plastic mouldings and pipework systems.

**Corporate Services**

Glynwed Group Services Limited -- management services.  
Glynwed Properties Limited -- owner and manager of UK group land and buildings.  
Headland Insurance Limited (Bermuda) -- insurance services.  
Quailon Information Services Limited (75%)† -- computer hardware and software systems.  
Glynwed Wholesale Chemists Limited  
Rudge Roberts -- wholesale chemists.

**Incorporated and operating outside Europe**

**United States of America**

\*Automation Service Equipment Inc -- automated material handling systems.  
\*Cooper & Turner Inc -- load indicating washers and multi-fuel cast iron stoves.  
\*Enfield Industrial Corp -- thermoplastic pipework systems.  
\*Pandjiris Inc -- automatic welding positioning systems.  
\*Plastimatic Inc -- injection moulding of thermoplastic and thermosetting materials.  
\*Slocomb Plastic Pipe and Products Inc -- plastic piping.

**Australia**

\*Glynwed Australia Pty Limited† -- stockists of group consumer products.

**South Africa**

\*Falkirk Industries (Pty) Limited† -- consumer and engineering products in cast iron and pressed steel.

## Notes on the Accounts

### 26 Trading subsidiaries and related companies (continued)

Related Companies	Country of incorporation and operation	Total voting capital	% interest held
Raglan Property Trust plc Property development and investment	UK	£1,149,846	28.9
*Dauphinoise Thomson SA Manufacturers of thermostats	France	Fr 1m	50
Vulcathene South Africa (Pty) Ltd Distributors of plastic pipework systems	South Africa	R32,000	50
*Atcor Inc Manufacturers of decontamination systems for the electronics industry	USA	\$1,068,266	32.3

†Subsidiary companies not audited by Coopers & Lybrand. The aggregate assets of companies not audited by Coopers & Lybrand at 28th December 1985 amounted to 8.6% of the group's assets.

\*Investments held by subsidiaries of Glynwed International plc.

### Glynwed International plc

### Auditors' Report

#### Auditors' Report to the members of Glynwed International plc

We have audited the accounts on pages 17 to 34 in accordance with approved 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 1985 and of the profit and source and application of funds of the group for the period then ended and comply with the Companies Act 1985.

**Coopers & Lybrand**  
Chartered Accountants  
Birmingham  
8th April 1986

*Coopers & Lybrand*

## Summary of Comparative Figures



## Trading results

	1985	1984	1983	1982	1981
	£million	£million	£million	£million	£million
<b>Turnover</b>	<b>464.1</b>	<b>514.1</b>	<b>487.2</b>	<b>444.3</b>	<b>368.1</b>
<b>Operating profit</b>	<b>39.6</b>	<b>35.6</b>	<b>29.6</b>	<b>23.7</b>	<b>24.9</b>
Interest payable (net)	(4.0)	(9.1)	(8.4)	(10.0)	(5.7)
<b>Profit before taxation</b>	<b>35.6</b>	<b>26.5</b>	<b>21.2</b>	<b>13.7</b>	<b>19.2</b>
Taxation	(12.3)	(8.2)	(6.1)	(2.2)	(5.7)
<b>Profit after taxation</b>	<b>23.3</b>	<b>18.3</b>	<b>15.1</b>	<b>11.5</b>	<b>13.5</b>
Minority interests	—	0.6	(0.8)	(0.6)	(1.3)
Preference dividends	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Earnings for the period</b>	<b>23.2</b>	<b>18.8</b>	<b>14.2</b>	<b>10.8</b>	<b>12.1</b>
Ordinary dividends	(8.8)	(7.7)	(6.6)	(6.2)	(4.8)
Extraordinary items	(2.3)	(3.9)	(4.6)	(3.5)	—
<b>Profit retained</b>	<b>12.1</b>	<b>7.2</b>	<b>3.0</b>	<b>1.1</b>	<b>7.3</b>

## Operating assets

Fixed assets	79.3	91.1	95.3	100.5	76.7
Stocks	86.1	85.8	95.4	96.8	87.9
Debtors less creditors	(3.8)	1.6	11.2	11.0	12.4
<b>Operating assets</b>	<b>161.6</b>	<b>178.5</b>	<b>201.9</b>	<b>208.3</b>	<b>177.0</b>
Taxation and dividends	(23.0)	(16.4)	(9.8)	(6.9)	(8.9)
<b>Net operating assets</b>	<b>138.6</b>	<b>162.1</b>	<b>192.1</b>	<b>201.4</b>	<b>168.1</b>
Total net borrowings	(16.1)	(40.1)	(62.9)	(78.2)	(67.2)
Deferred taxation	(3.2)	(4.6)	(5.3)	(1.4)	(1.7)
<b>Total net assets employed</b>	<b>119.3</b>	<b>117.4</b>	<b>123.9</b>	<b>121.8</b>	<b>99.2</b>

## Financed by

Ordinary shares	20.9	20.9	20.9	20.9	16.3
Reserves	97.0	95.1	93.8	92.5	74.7
<b>Ordinary share capital and reserves</b>	<b>117.9</b>	<b>116.0</b>	<b>114.7</b>	<b>113.4</b>	<b>91.0</b>
Preference shares	1.3	1.3	1.3	1.3	1.3
Minority interests	0.1	0.1	7.9	7.1	6.9
<b>Total funds</b>	<b>119.3</b>	<b>117.4</b>	<b>123.9</b>	<b>121.8</b>	<b>99.2</b>
Net effect on funds of property revaluations — (decrease)/increase	(5.9)	—	—	—	20.2

## Statistics

Operating profit to turnover	%	8.5	6.9	6.1	5.3	6.7
Operating profit to net operating assets	%	28.6	22.0	15.4	11.8	14.8
Turnover to net operating assets	x	3.3	3.2	2.5	2.2	2.2
Earnings per share — net basis	p	27.7	22.4	17.0	14.6	18.5
Ordinary dividend per share	p	10.50	9.25	7.85	7.35	7.35
Dividend cover	x	2.6	2.4	2.2	1.8	2.5
Interest cover	x	9.9	3.9	3.5	2.4	4.4
Debt/equity ratio	%	13.5	1.2	50.7	64.2	67.7
Net assets per ordinary share	p	140.8	138.5	137.3	135.5	139.4

## Notice of Meeting

Notice is hereby given that the forty fifth annual general meeting of Glynwed International public limited company will be held at Headland House New Coventry Road, Sheldon, Birmingham, on Wednesday, 4th June 1986 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 1985.

2 To declare a final dividend

3 To elect a director.

4 To reappoint Coopers & Lybrand as auditors under section 384 of the Companies Act 1985, and to authorise the directors to fix their remuneration.

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

By order of the board

JC Blakeley  
Secretary

Birmingham  
8th May 1986

### Notes

1. A form of proxy accompanies the report and accounts and is for the use of shareholders who are unable to attend the meeting in person. This form should be completed, signed and returned so that it arrives at the office of the company's registrars not less than 48 hours before the time of the meeting. By signing and returning the form of proxy a shareholder will not be precluded from attending and voting in person should he subsequently find it possible to be present.
2. In accordance with the company's Continuing Obligations towards The Stock Exchange, London, the contracts of service of directors will be available for inspection at the company's registered office between 9.00 a.m. and 4.30 p.m. on any weekday (Saturday and public holidays excluded) from 8th May 1986 to 3rd June 1986 inclusive, and at the place of the meeting for 15 minutes prior to the meeting and during the meeting.

PLEASE NOTE THAT  
DUE TO THE POOR  
QUALITY OF THE  
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FOLLOWING IMAGES  
ARE ALSO OF POOR  
QUALITY.