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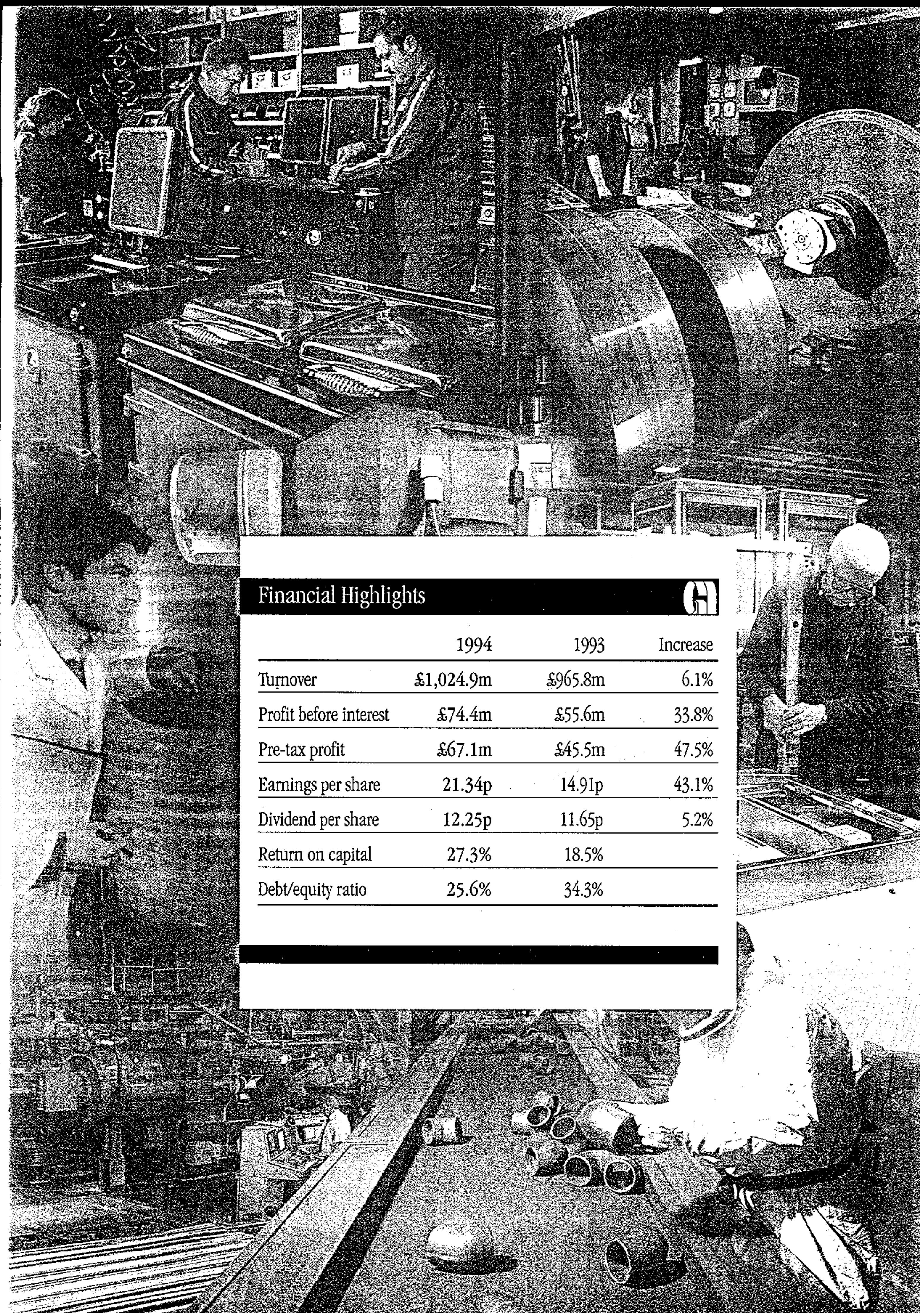
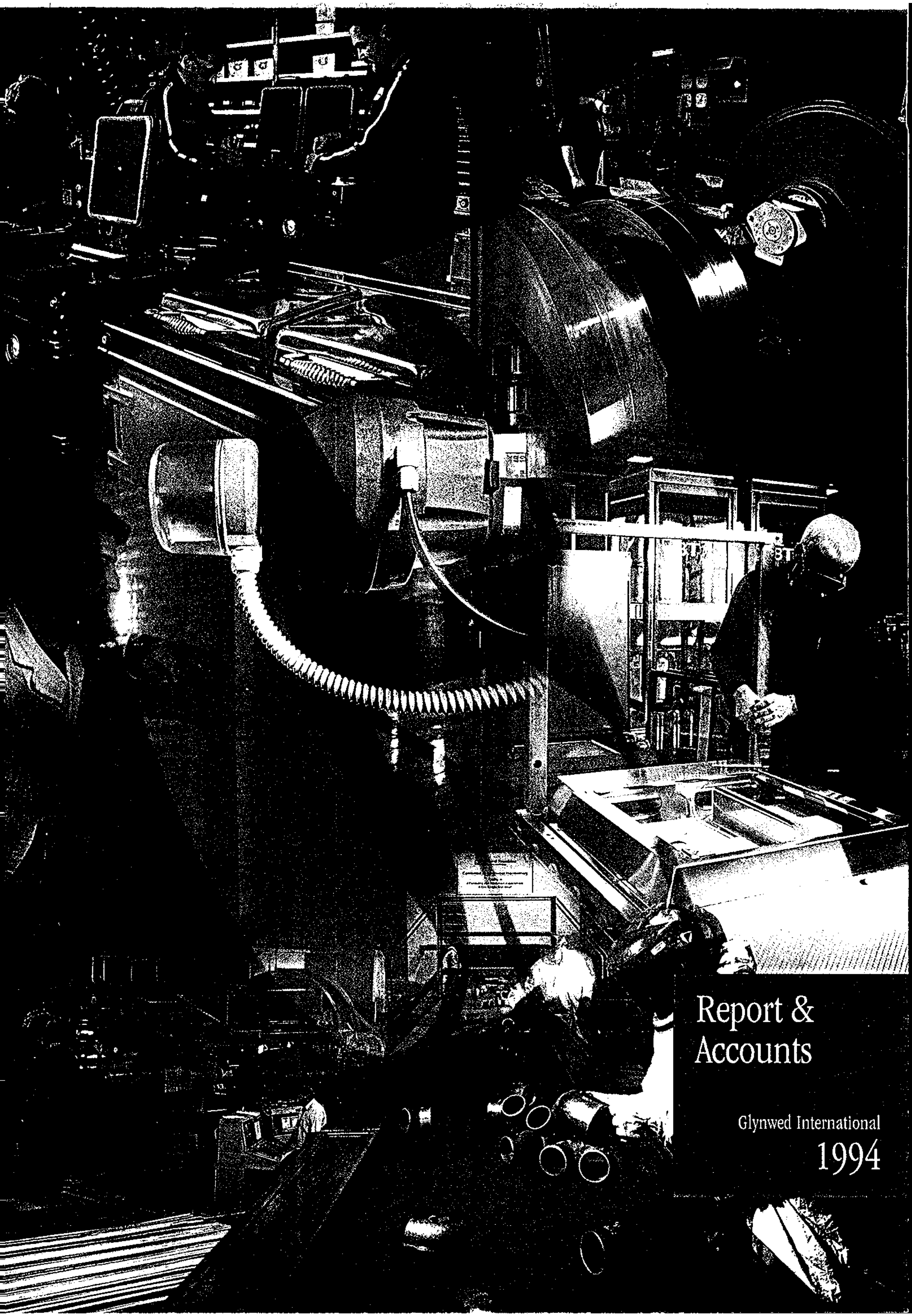


Financial Highlights

	1994	1993	Increase
Turnover	£1,024.9m	£965.8m	6.1%
Profit before interest	£74.4m	£55.6m	33.8%
Pre-tax profit	£67.1m	£45.5m	47.5%
Earnings per share	21.34p	14.91p	43.1%
Dividend per share	12.25p	11.65p	5.2%
Return on capital	27.3%	18.5%	
Debt/equity ratio	25.6%	34.3%	



Report & Accounts

Glynwed International

1994

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.

chairman's statement

During 1994 there has been clear evidence of recovery in many, though by no means all, of the Group's markets both at home and overseas. Against this more favourable economic background, and benefiting from improvements in operating efficiency, product innovation and a constant drive for exports, the Group achieved another year of marked progress.

Thus operating profit rose from £53.1m to £74.4m, interest costs fell from £10.1m to £7.3m, and pre-tax profit at £67.1m (£45.5m) was 47.5% higher – a similar increase to the one achieved the previous year.

After a tax charge of £22.6m (£14.6m) earnings per share were 21.34p (14.91p), an increase of 43.1%.

Once again cash generation from the Group's operations was strong, despite the increase in sales volume and higher raw material input prices. After allowing for the acquisition of five small businesses and delayed payments on prior year acquisitions totalling £9.4m, net borrowings including finance leases and bills of exchange were again reduced, from £69.8m to £57.1m, bringing the debt/equity ratio down to 25.6%. The interest charge was covered 10.2 times by profits before interest.

The continued recovery in earnings and the strong cash generation have given your Board the confidence to resume dividend growth while at the same time rebuilding dividend cover. Your directors are, therefore, proposing a final dividend of 8.10p per ordinary share, bringing the total for the year to 12.25p, an increase of 5.2%. At this level the dividend is covered 1.7 times (1993: 1.3 times).

I am particularly pleased that the improving trend in all the key operating and financial ratios of the Group, achieved over recent years, was repeated in 1994 to record an excellent result for the year.

A full and detailed review of progress in Glynwed's operations is given by Bruce Ralph in his Chief Executive's Review starting on page 8.

■ BOARD

Following the AGM in May, I shall be relinquishing my executive role in the Company but will continue as Chairman. Having completed 38 years service with Glynwed, 26 years of which have been at Main Board level, the time is appropriate to hand over the executive management of the Group to Bruce Ralph and his team. We have an underlying strength of management across all our operations and I have every confidence that the Glynwed team under Bruce Ralph's leadership will take the Group successfully into the next century.

During the year I have had great support from management and employees at all levels, not least from our non-executive directors, led by John Eccles, our Deputy Chairman, who, I am delighted to say, has agreed to offer himself for re-election. As I indicated last year, Alex Miller, Chief Executive of Glynwed Metal Services, retired following the AGM last June.

■ STRATEGY

Since I became Chief Executive in 1984, and added the role of Chairman two years later, the Group has achieved considerable progress. Despite the UK's severe and prolonged recession, which began generally in 1990 but first affected operations of ours in 1988 and is still affecting some of our businesses, there have been marked improvements in all major financial criteria. Turnover has increased from £514m to more than £1 billion, pre-tax profit from £24.1m to £67.1m, and earnings per share from 9.47p to 21.34p, while net assets employed have risen from £117.4m to £222.8m.

The bare figures conceal significant changes in the Group's composition, the most important of which concerns our plastics operations. In 1984 these consisted of Durapipe and Vulcathene and were a small part of the Tubes & Fittings division; today the Plastics division is a world leader in thermoplastic pipework systems and is our most international operation. Overall, we made during that period more than 50 strategic acquisitions, of varying sizes, and we sold or closed 45 small operations to improve efficiency and productivity.

Rationalisation of our manufacturing base has been accompanied by an intensification of new product introduction, resulting in improved market shares and greatly increased exports. Our emphasis on cultivating organic growth through investment in the quality of our people, products and processes, will continue and our capital expenditure budget has risen sharply this year.

We regularly review all our operations to decide how best to position the Group for future growth. In particular we have businesses where we are world leaders and we shall look to build on their strengths with further acquisitions.

■ PROSPECTS

The prospects in the UK for a period of steady economic growth, albeit slower than in 1994, are now better than for many years and with the economies of the countries in which we operate overseas moving forward again, I am confident that the Group can look forward to another year of good progress.

Gareth H Davies

Gareth Davies
CHAIRMAN
14th March 1995

directors & officers

■ GARETH DAVIES CBE, FCA (Age 65)
Chairman, 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 appointed Deputy Chairman in 1975, Managing Director

FROM LEFT TO RIGHT – STANDING:
Ian Shearman
John Biffen
David Milne
Bernard Doyle
Kit Farrow
SEATED:
Bruce Ralph
John Eccles
Gareth Davies
John Blakeley

in 1981, Group Chief Executive in 1984 and Chairman and Chief Executive in December 1986. Mr Davies is also a non-executive director of Midlands Electricity plc, Midland Independent Newspapers plc and Lloyds Chemists plc, and is a board member of the West Midlands Development Agency.

■ BRUCE RALPH (Age 55)
Chief Executive, joined Glynwed in February 1993, having previously been Chief Executive of Dowty Group plc which he had joined, as Managing Director of its industrial division, 10 years earlier. His previous career was with Ever Ready Ltd, where he had responsibility for international operations, and Hanson plc. Mr Ralph is also a non-executive director of Northern Star Insurance Co. Ltd and EIS Group plc.

■ JOHN ECCLES* CBE (Age 63)
Deputy Chairman, was formerly Chief Executive of the Commonwealth Development Corporation and is Chairman of Chamberlin & Hill plc; he is also a director (and Chairman-designate) of Courtaulds Textiles plc and a director of Chamberlain Phipps Group plc. He was appointed to the Glynwed Board in June 1972 and chairs its Remuneration Committee.

■ THE RT HON JOHN BIFFEN* MP (Age 64)
Became a director in November 1987. He is the Member of Parliament for Shropshire North and Deputy Lieutenant of the County of Shropshire, 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.

■ JOHN BLAKELEY (Age 52)
Corporate Services Director, joined the Group in 1978 as Legal Adviser. In 1979 he became Group Secretary and held this post until his appointment to the Glynwed Board in October 1992. His responsibilities now include insurance, management personnel, pensions and public relations as well as legal and other central services. He chairs the Group's Health & Safety and Environmental Committees.

■ BERNARD DOYLE (Age 55)
Operations Director, joined the Group's Steels division 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. He was appointed Chief Executive of the division and to the Board of Glynwed in December 1990. He took on his present broader group operations role in November 1992.

■ CHRISTOPHER (KIT) FARROW* (Age 57)
Joined the Board of Glynwed in July 1993 and chairs its Audit Committee. He is Director-General of the London Investment Banking Association, a director of the London Metal Exchange and a member of the Financial Reporting Review Panel. He is a former Under-Secretary at the DTI, has been an Assistant Director of the Bank of England and is a former director of Kleinwort Benson's Corporate Finance department.

■ DAVID MILNE CA (Age 58)
Finance Director, joined the Board of Glynwed in May 1979, from Wilmot Breeden Holdings Ltd. His responsibilities include Glynwed's accounting, treasury, tax and internal audit functions, as well as its property operations.

■ IAN SHEARMAN (Age 63)
Group Secretary, joined Glynwed from the Serck Group in 1983, as Legal Manager. He became Assistant Group Secretary in 1987 and was appointed to his present position in October 1992.

*Non Executive

chief executive's review

In overview, four factors were particularly influential on our 1994 performance. These were: a growing but uneven market demand; rapidly rising material prices; buoyant exports; and the efforts of our employees, individually and collectively, to improve the quality of our businesses.

Our employees' efforts, together with the strong export performance, were in no small measure responsible for the improvement in our results. Pressure on margins from competition in weak markets or from rising material costs was largely nullified by higher productivity, new product introductions and by more effective customer service.

We increased our market share in a number of sectors and exports were at record levels from the UK and from Italy.

As a consequence, operating profits rose by 40.1% to £74.4m on sales up by 6.1% to £1,024.9m. This was reflected in margins rising to 7.3%, value added per employee to £27,208 (an increase of 12.7%), and return on average capital employed to 27.3%.

A strong cash flow was maintained, together with an adequate capital expenditure programme, and year-end gearing was reduced to 25.6%.

All divisions, with the exception of Tubes & Fittings, produced substantially higher profits and, apart from Properties, returns on average capital employed of over 30%.

The Consumer Products division did well to raise profits to £13.7m, an increase of 26.9%, despite depressed gas cooker and fire markets and, for 1994 as a whole, little change in house construction and transaction rates.

Bruce Ralph, Chief Executive, alongside the largest moulding machine in Europe at FIP, the Group's Italian plastics subsidiary.

The Foundry Products division, helped by road construction projects in the early part of the year, by the installation of cable TV throughout the period and by significant productivity improvements, produced profits 50.0% higher at £3.9m.

The Metal Services division benefited from increased metal prices and the acquisition of RTZ Metal Stockholders. These factors, together with reduced costs through branch rationalisation and an exceptional performance in continental Europe, combined to produce a 73.8% increase in profits to £11.3m.

In the Plastics division, strong performances in the USA, Australia and the UK more than counterbalanced the lateness and slowness of recovery in continental European markets, and as a result profits were up by 18.5%. The key markets for our gas and water systems, the UK and France, showed little or no growth, although worldwide utilities markets gave a number of opportunities in 1994.

The Steels & Engineering division did well to maintain margins, despite being squeezed between the price ambitions of the primary steel producers and the end-users who were reluctant to accept any degree of price escalation. Good domestic volumes, buoyant exports and productivity improvements all helped to improve profits, which were 42.6% ahead at £23.1m.

The Tubes & Fittings division had another poor year in its major business and returned losses of £3.9m, although some market share was regained from importers. Poor copper tube demand, over-capacity in the industry, a substantial rise in copper prices, and exceptional commissioning costs of new plant were the causes.

Profits from the Properties division were usefully ahead of last year as a result of the sale of surplus sites, mostly with the benefit of change-of-use planning permission.

My divisional reviews follow in more detail. ■

consumer products

AGA-RAYBURN
FALCON CATERING EQUIPMENT
FLAVEL-LEISURE
LEISURE
WHOLESALE CATERING EQUIPMENT

The division had an excellent year, with significant growth in its five main operating units. Market conditions, however, remained patchy and consumer spending in some markets was below the level which we had anticipated and indeed below the previous year.

Glynwed Consumer Products' divisional managing director Stephen Rennie (left) discusses with consumer products technical director Ashley Lane the features of the new Emberglow Classic fire (launched in early 1995) at the recently opened Flavel fire laboratory. Operational from mid-1994, the laboratory forms part of the recently established, separate Flavel fire factory in Leamington Spa, which is now introducing a new advanced product range.

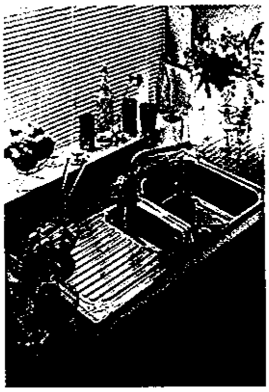
In the commercial catering sector, the year started on a positive note with the acquisition of Excel Equipment. This business has been successfully incorporated into Wholesale Catering, increasing the latter's size by almost 50% and doubling profits. Further expansion is planned, with more exclusive products and an improved delivery service; this will entail a move to larger premises. Falcon Catering had some notable successes in the public sector, where it increased its market share, particularly with the Ministry of Defence and the National Health Service. The expansion of the dish-washing and glass-washing product range has proved to be particularly successful, with sales up 35%, as has the launch of a new range of combination ovens where sales are 50% up from levels achieved with the previous models. These ovens have won numerous awards from the catering industry and more new models are planned for 1995.

Aga-Rayburn had its most profitable year on record and the launch

The Rayburn 480K manufacturing cell at Aga-Rayburn, Telford, where revolutionised work routines have improved product quality and process development. The 480K's 1994 launch helped Aga-Rayburn to levels of demand 20% above 1993. The 3 members of the 480K cell shift team are (left to right) Alison Hartland, Ian Jepson and Andrie Van der Woning.

of new models, including the Rayburn 480K early in 1994, contributed significantly to this success. The Aga Shop retail operations grew substantially during 1994 in relevant areas and development of Aga Centres, in conjunction with independent distributors, will take place during 1995. Substantial advertising and promotional work took place during the year to improve the consumer's awareness of the Aga product and its capabilities. To complement this, significant investment in manufacturing plant is planned, so that output can be increased.

The UK gas cooker and fire markets have seen some difficult trading conditions, particularly due to the continued reorganisation of British Gas. It is, therefore, pleasing to report that, once again, Flavel-Leisure increased its market share and improved upon the profit targets set for this



Born out of market research, the new Leisure Aqualine "Chefcentre" sink was launched in 1994.

business. Sales of gas fires were helped by the launch of the Regent live-fuel-effect fire and, although there was a significant increase in market share, one of the mildest winter periods on record saw total UK market volumes greatly reduced. A new research and development facility for gas fires was opened during the year and some work previously undertaken at Aga was transferred to the Flavel fire factory. The division now has a dedicated development and production unit capable of producing volumes significantly in excess of those previously achieved and it is, therefore, intended to develop the fire product business still further.

The Leisure sinks business also coped well with difficult trading conditions and significant raw material price increases. Overall UK demand remained weak, but exports have been a main feature of this operation for the last four years. A major exhibition and sales drive into the Far East have brought important new business. Although the growth in sales of sinks in synthetic material has slowed, the influence of colour within the kitchen market is still an important requirement; the Velstra range from Leisure not only meets the fashion requirements of the sink market, but also provides what is arguably the most reliable and hardwearing synthetic sink on the market. Velstra sales increased by 30% and further growth is forecast for 1995.

The division is implementing an extensive new product launch programme for 1995 and is confident that this will play a significant part in its future growth. ■

foundry products

The past year has been one of significant progress for the Foundry Products division, with the manufacturing operations increasing their output substantially and the distribution businesses performing more strongly overall.

CASSART SPECIAL PRODUCTS
DRAINAGE SYSTEMS
GLYNWED BBI
GLYNWED FOUNDRIES (PIPES & FITTINGS)
GLYNWED BRICKHOUSE (COVERS & GRATINGS)

Glynwed Brickhouse, which manufactures iron and steel access covers and gratings, benefited in the first half of the year from the continuing high level of activity in the UK road building programme. Although the reduction of government funding for this programme resulted in a lower demand in the second half of the year, requirements for products for the cable television industry and a strong export performance ensured that the Risca foundry, in South Wales, was able to take advantage of the increased volumes available, following the recent upgrading of its moulding equipment.

The Fareham foundry also benefited from the demand for cable TV products, which gave additional volume to that arising from the housing sector. The foundry increased its working hours during the year, and double day-shift working was introduced during the last quarter.

Output from the West Bromwich site continued to grow, with the foundry exploiting its low cost base and the expansion of its facilities commissioned in the early part of the year. Its steel fabrications operation introduced a number of new products to extend its product range and to target specific growth sectors.

Glynwed Foundry Products' divisional managing director Tony Bagshawe (left) with Bill Willocks, sales director of the division's distribution operation, Drainage Systems, at the trade counter of the West Bromwich depot. Drainage Systems has been instrumental in gaining market leadership in the UK for the Ensign cast iron drainage product range.

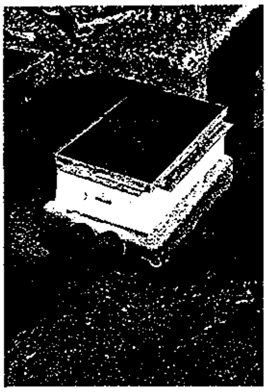
Sales to continental Europe increased substantially during the year and will provide a basis for continued growth during the forthcoming year. Several significant orders were secured from the Middle East for telecommunications products, for delivery in the last half of 1994 and early 1995.

Glynwed Brickhouse has a substantial investment programme in place which will enable it to build on its position as the leading manufacturer and supplier of cast iron access covers and gratings in the UK.

The Telford pipes and fittings operation of Glynwed Foundries continued its investment programme in new pipe-spinning plant and fittings-moulding equipment to improve both quality and range whilst reducing product costs. During 1995 a new central melting facility will be installed on the site, which will enable the latest technology to be utilised to reduce costs further and to conform with the requirements of the Environmental Protection Act.

In last year's report we highlighted the success of the Ensign range of cast iron soil pipes and fittings; this continued through 1994, with the product range gaining market share in the UK, continental Europe and in other export markets. Additions to the product range have been made

The new downline Ensign section at Foundry Products' Telford plant. Castings from the automated DISA line, having been "tumbled" to remove extraneous material, are "dressed" prior to shot blasting and epoxy coating. The team of multi-skilled operators is (left to right) Geoff Hollyhead, Neville Bailey, Andy Andrews, Brian Price and Lee Rigby.



The increasing installation of cable TV in 1994 (seen here in the Cardiff area) brought business for Glynwed Brickhouse's covers and gratings.

throughout the year to ensure greater choice for specifiers and installers, and to target certain specific markets. At the end of the year the "below ground" Ensign system was launched, which conforms to the planned European Standard - thus extending the scope for the use of light-weight cast iron pipework systems. Demand continued for the older and heavier Timesaver range of products, in both the UK and certain export markets. Within the UK, sales of the traditional cast iron rainwater system held up well.

With demand for commercial and industrial construction in the UK, the main market for cast iron pipework systems, recovering only slowly, it is anticipated that sustained growth for these products will only come from abroad. With its high quality, light-weight Ensign product range, Glynwed Foundries is well placed to exploit the opportunities in continental Europe and elsewhere.

Drainage Systems, which is the UK distribution business of the Foundry Products division, continued to build on the improved performance of the previous year. Although there was little help from the marketplace, volumes grew during the year and, despite continuing pressures on margins, profitability was improved.

Recession in the construction industry in Belgium and France continued to affect the performance of Cassart Special Products, the division's distribution company in Belgium. Following the closures of one depot in Brussels and the Grenoble warehouse, the company produced improved but still unsatisfactory results.

The division is continuing its investment in plant, products and people; this, combined with an existing low cost base and high product quality, means that it is well placed for further profitable growth during 1995. ■

metal services

AALCO
AALCO SA
ACTIVE SERVICE METALS
AMARI AEROSPACE
AMARI BV
AMARI CONTRACT SERVICES
AMARI DUBLIN
AMARI COPPER ALLOYS
AMARI OVERSEAS
AMARI TRANSPORT PRODUCTS
BAIGENT STOCK ALLOYS
CASHMORES
CJA STAINLESS STEELS
GÜNZLER ALUMINIUM
JERA METALL
LCK METALL
SLATER METALS

A recovery in metal prices, the growth in sales volume, substantially aided by the acquisition of RTZ Metal Stockholders, and continuing rationalisation of the UK branch network combined to produce a major improvement in Metal Services' profit for 1994.

The rise in metal prices reflected in part a recovery in the economies of the UK and continental Europe, although this was largely confined to consumer and export markets, with demand from the investment goods sectors remaining flat during the year. The rise, particularly in the second half of the year, also illustrates the gearing effect of a modest increase in global demand in absorbing production over-capacity and excess metals supply sector inventories. Other factors contributing to the upsurge in prices were the well-publicised flow of speculative investment funds into the LME and the Memorandum of Understanding agreed by the major aluminium-producing nations which effectively removed one million tonnes of capacity from the market when the level of Russian exports was at its most damaging.

Aluminium prices continued to fall in 1993 and started 1994 at their lowest level for 7 years before recovering in the second quarter and moving rapidly ahead in the second half of the year. Further increases are forecast in 1995. However, for 1994 as a whole, average aluminium cold-rolled prices were only 16% ahead of the previous year.

Stainless steel, which now represents some 55% of the division's sales volume, suffered the re-introduction of nickel surcharges in March but year-end

Stainless steel blanks supplied by Glynwed Metal Services are used by market leader Selkirk in the construction of their industrial chimneys.

base prices of cold-rolled products marginally failed to regain the levels prevailing in the second and third quarters of 1993. When surcharges are taken into account customers were paying more for their stainless steel in 1994 than in 1993 but with no benefit to distributors who simply pass surcharges on at cost.

The acquisition of the trade and assets of RTZ Metal Stockholders in the closing days of 1993 made a significant contribution to the growth in sales volume during 1994. The complementary nature of the acquired business enabled considerable rationalisation of the division's existing UK network to take place, resulting in substantial savings in operating costs whilst retaining almost all of the customers. A major part of the RTZ Metal Stockholders business consisted of stainless steel processed coil for large customers and closely mirrored the re-focused Cashmores' activities referred to in last year's report. By combining the two operations within the Cashmores' service centre at Walsall, major economies of scale have been achieved in production, stockholding and marketing. It is pleasing to note that Cashmores' contribution to the division's results has now returned to a satisfactory level, and further improvements are expected in 1995.

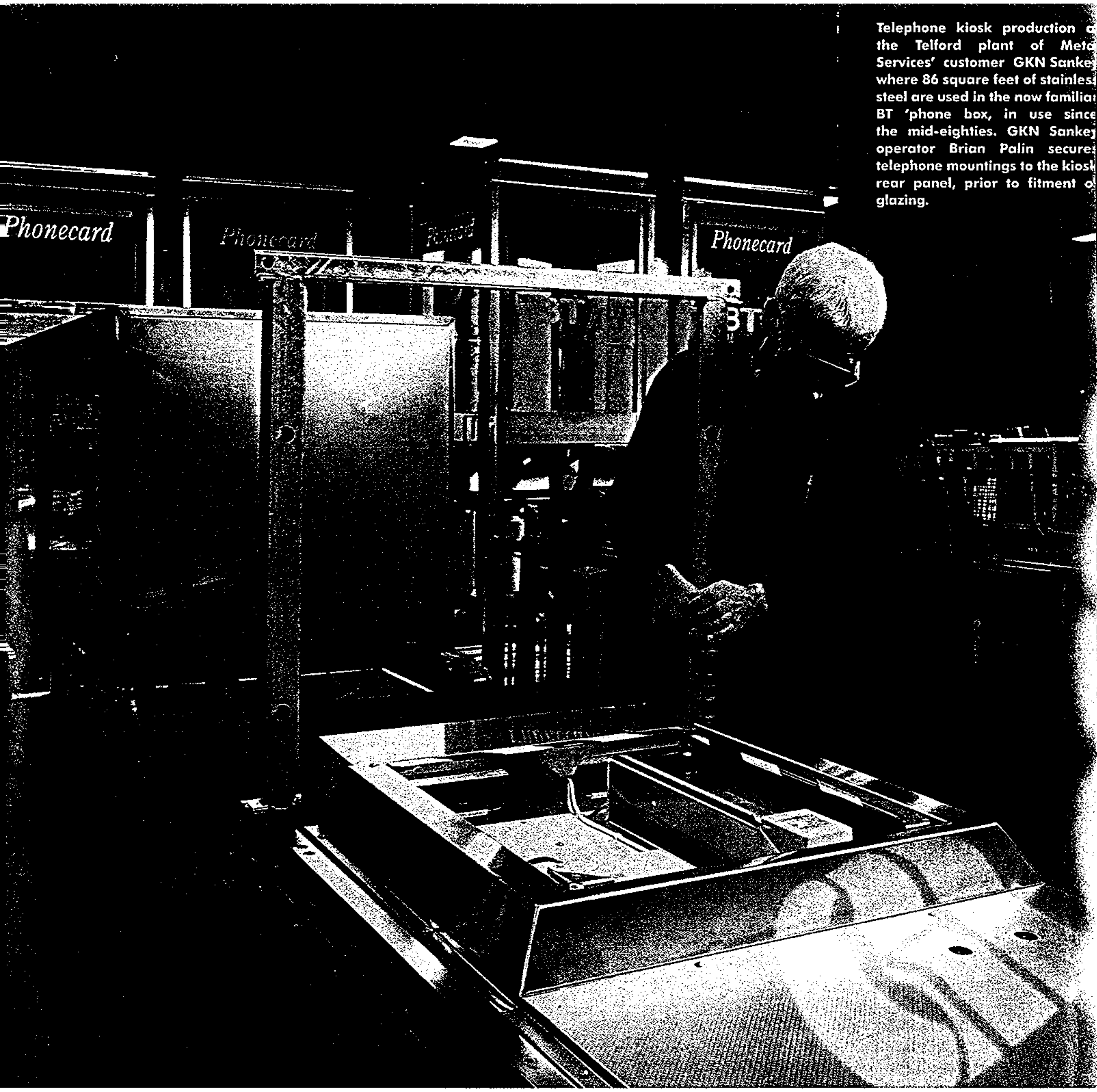
The restructuring of the UK branch network continued with the object of not only reducing costs but also increasing the resource base and operating capability of the branches serving the main metropolitan areas. In order to upgrade services available to customers in the South East, during 1994 the division reorganised its depots from six smaller branches to three strategically located operations offering more comprehensive stocks and processing.

Glynwed Metal Services' divisional managing director David Taylor (left) discusses a contract for stainless steel blanks for tumble dryer drums with Cashmores' managing director Jeff Blakey (second left) and sales and marketing director Harold Ross (right). The processing of the blanks for Crosslee of Halifax demands high precision equipment, operated by Mark Jones (second from right) and Betty Richards (in background) at Cashmores in Walsall, West Midlands.

In order to sustain its position as market leader in the UK, the Metal Services division continues to promote extensive programmes aimed at continuing improvements in personnel development and quality service management. Already the benefits are visible as evidenced by a significant growth in the division's intake of national contract business requiring the highest standards of materials management expertise and just-in-time service.

Following the sale of its North American branches at the end of 1993, the division has focused increasingly on developing its continental European operations. Germany continues to offer the largest market for stainless steel and non-ferrous semis and remains the primary focus of the division's activities in Europe. With effect from the last day of the year the division acquired Günzler Aluminium, a long-established distributor, which will not only strengthen the branch network in the Stuttgart area but also provide additional sales representation in South Germany and Austria. A new sales office was opened in Leipzig and the Jera Metall and LCK branches responded fully to the opportunities presented by improvements in the German economy and doubled their operating profit.

Amari BV in Holland maintained a substantial level of export business throughout the year, more than compensating for relatively low demand in its domestic market. This resulted in a significant increase in operating profit. Aalco SA in Barcelona also improved its performance in a difficult market, whilst Amari Dublin returned a very satisfactory result



Telephone kiosk production at the Telford plant of Metal Services' customer GKN Sankey where 86 square feet of stainless steel are used in the now familiar BT 'phone box, in use since the mid-eighties. GKN Sankey operator Brian Palin secures telephone mountings to the kiosk rear panel, prior to fitment of glazing.

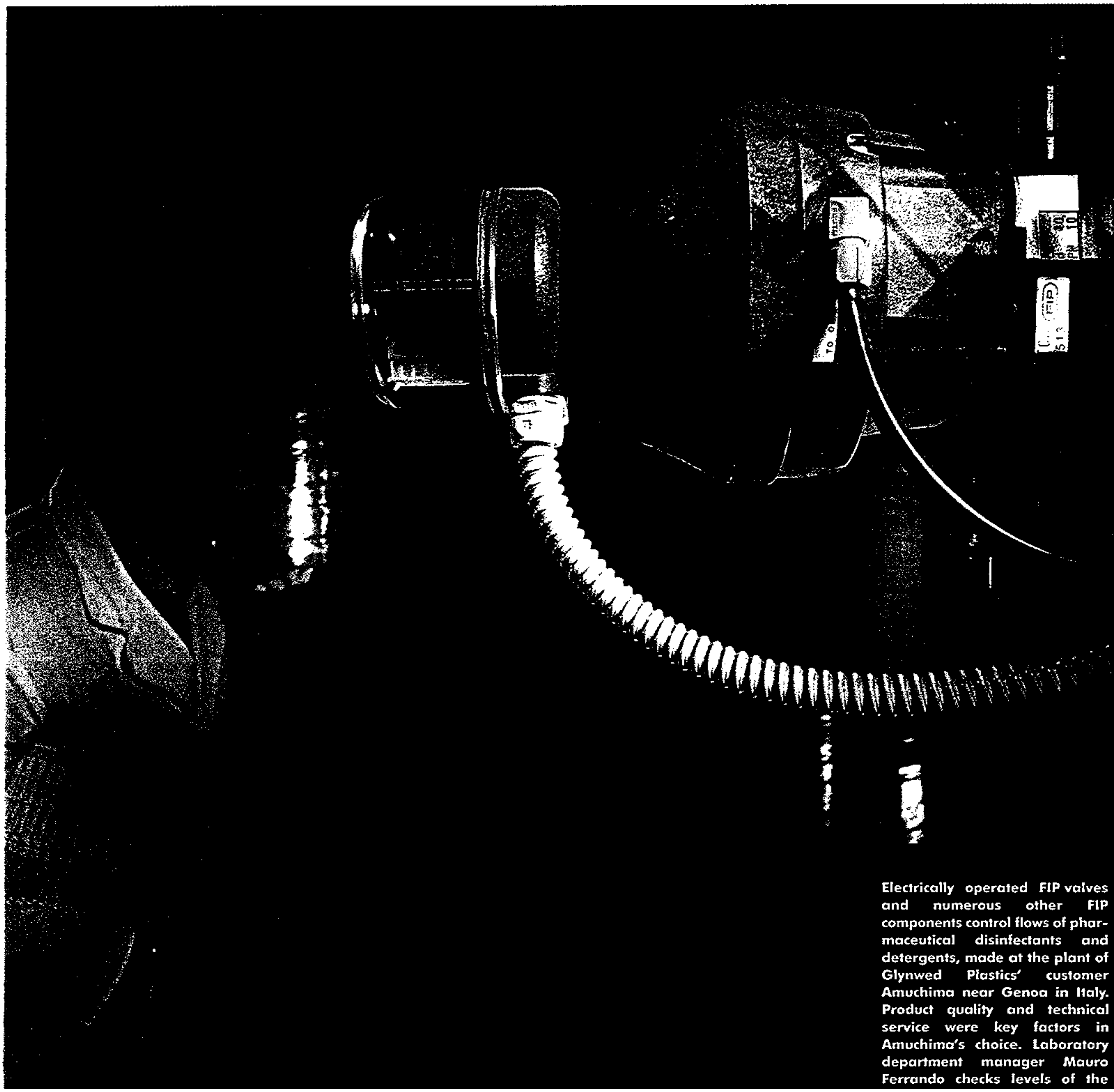
despite only a modest recovery in the Irish market.

Market conditions at the end of 1994 appear more buoyant than at any time in the last four years and there is good reason to believe that these conditions will be sustained in the coming year. At the same time acquisitions and restructuring have improved the division's ability to take full advantage of the opportunities ahead. ■

plastics

In 1994 the Plastics division re-established strong sales and profits growth, but this was achieved with only limited assistance from recovery in its markets.

In particular, the key UK and mainland European industrial, commercial and utilities markets were flat in the first half of the year. In addition, low industrial investment growth, itself exacerbated by the long lead times associated with major investment projects, was unhelpful and many of the division's markets had only recovered some semblance of underlying growth by the year end.



Electrically operated FIP valves and numerous other FIP components control flows of pharmaceutical disinfectants and detergents, made at the plant of Glynwed Plastics' customer Amuchima near Genoa in Italy. Product quality and technical service were key factors in Amuchima's choice. Laboratory department manager Mauro Ferrando checks levels of the

1993 acquisitions SED and Flowline Systems brought added value control and metering products to Glynwed Plastics' pipework systems range.

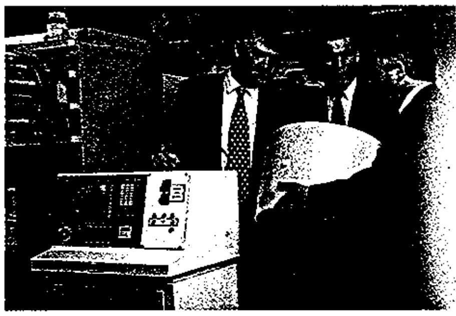
Against this general background, Glynwed Plastics International (GPI), the Group's plastic pipework systems business, which is a world leader in its field, increased sales by more than 10%, comfortably exceeding all previous levels of activity.

CAPPER P-C
DURAPIPE
ENFIELD INDUSTRIAL
FLOWLINE SYSTEMS
FIP FORMATURA INIEZIONE POLIMERI
HARRINGTON INDUSTRIAL PLASTICS
INNOGE
MCA-CALDER
PHILMAC
TOWNSEND POLYMER ENGINEERING
SED VENTILSYSTEME
VULCATHENE
WILFORD PLASTICS

Durapipe, Innoge, Townsend, Enfield, Harrington, Philmac and Capper P-C, together with the recently acquired Wilford Plastics (Holdings) plc, all contributed strongly to this improvement, as did growth from the 1993 acquisitions of SED and Flowline Systems. Wilford Plastics, a UK industrial plastics distributor, provides an excellent geographic and product range fit with Capper's branch network and further substantial benefits are expected in 1995.

World-wide utilities markets gave GPI a number of opportunities in 1994 but, on the other hand, the key markets for our gas and water systems in the UK and France showed little or no growth.

GPI has extended its international coverage during the year with the establishment of sales companies in Singapore, the USA and Spain, strengthening the export effort of the main manufacturing facilities in the UK, Italy and Australia. In particular Glynwed Plastics International (Asia) Pte Ltd in Singapore got off to a good start.



Glynwed Plastics International's divisional managing director David Tracey (left) is shown an early production sample of the largest moulded electrofusion coupler made anywhere in the world. With him are Durapipe managing director Paul Plowman (centre) and works manager Colin Ball. Production commenced in late 1994.

In the USA, both Enfield and Harrington produced very good results, benefiting strongly from both the substantial improvement in the US economy, particularly in the west, and from further market penetration.

In Australia, prolonged drought in some regions, coupled with an improvement in the rural economy and several new product launches, all helped Philmac to achieve a substantial improvement over the previous year.

Major capital investment was committed to the division's manufacturing businesses and although continuous process improvement is being maintained the focus is increasingly on products rather than processes. As a result there will be several key new product launches in 1995, notably by Philmac, FIP and Durapipe. This will build on the recent launches of "Eurofusion" by Vulcathene, FLS by FIP, Encase by Enfield, Petroline by Durapipe, upgraded ball and diaphragm valves under a number of the division's brand names and hot water products by Innoge, all of which generated considerable sales and market interest.

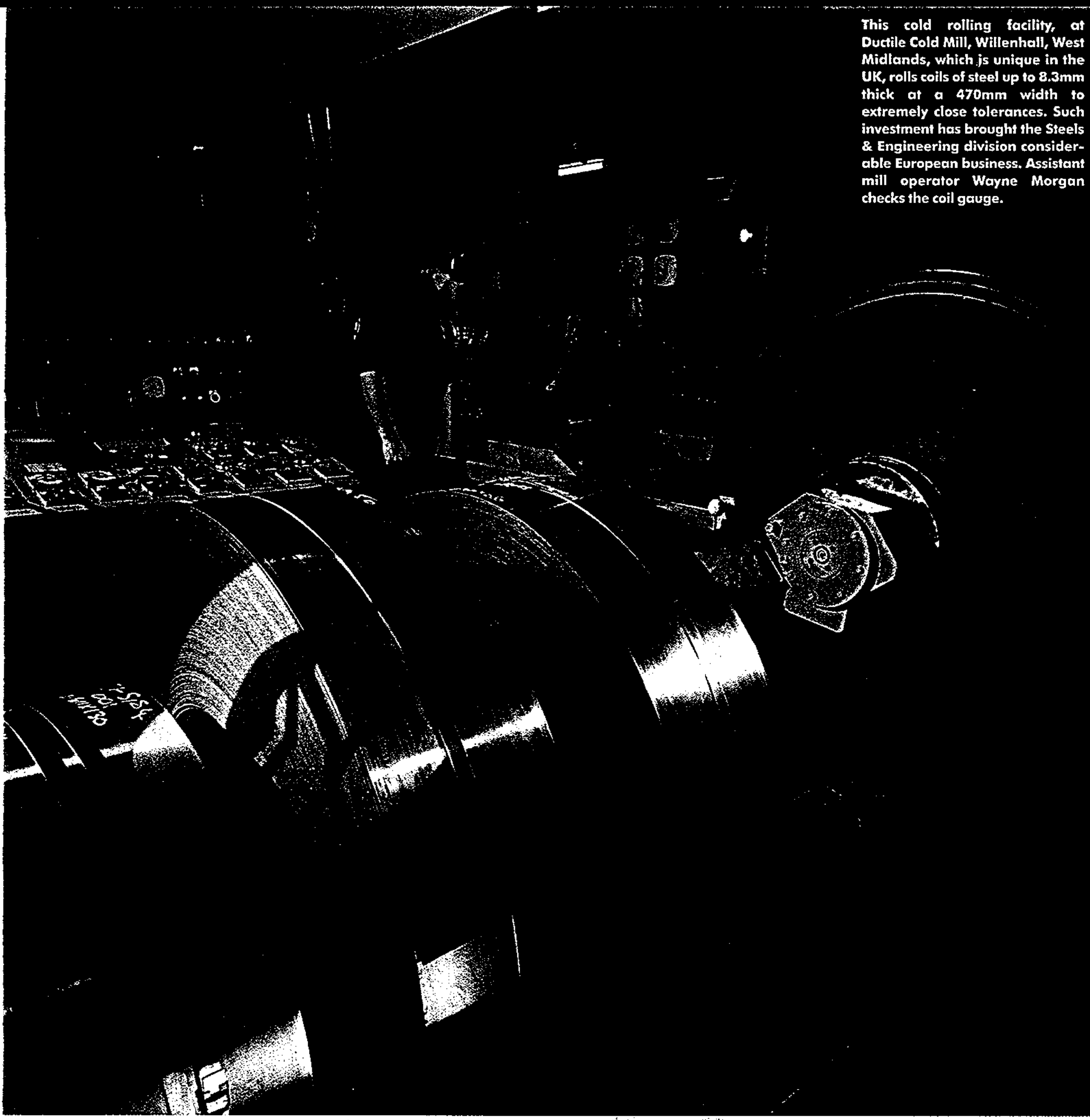
AMARI PLASTICS
PORT PLASTICS

The sheet and rod businesses, which report separately from the rest of the Plastics division, had a mixed year. In the UK, Amari Plastics plc continued to experience very competitive conditions and profit performance fell back from 1993. However, in the USA, Port Plastics benefited from the upturn in economic conditions and some management reorganisation, resulting in a considerable uplift over 1993. ■

steels & engineering

The steady recovery from recession across continental Europe, a buoyant US market, an encouraging level of demand in the UK and benefits from earlier and continuing cost-cutting, enabled the division to report a significant increase in returns in 1994, making a major contribution to the Group's overall results.

Perhaps the most notable feature of the year was the rapid escalation of raw material prices, as primary steelmakers took advantage of

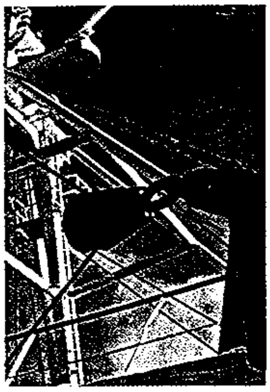


This cold rolling facility, at Ductile Cold Mill, Willenhall, West Midlands, which is unique in the UK, rolls coils of steel up to 8.3mm thick at a 470mm width to extremely close tolerances. Such investment has brought the Steels & Engineering division considerable European business. Assistant mill operator Wayne Morgan checks the coil gauge.

economic recovery and shortages of certain steel grades.

Passing frequent and substantial increases through to end-markets has met significant resistance, particularly as some sectors, such as construction and general engineering, are proving slow to emerge from recession, a situation compounded by the Government's measures to maintain low inflation. Margins were under pressure in such an environment and there is a limit to what can be absorbed by cost reduction and manufacturing efficiency. However, it is to the division's credit that its emphasis on customer service, product quality and added value processes has enabled it to overcome these pressures in the year under review.

The four Hot Rolling operations, Ductile Hot Mill, Dudley Port Rolling Mills, George Gadd and W Wesson, benefited from considerable improvement in demand for engineering quality steels, while a widening of the product range and improved output rates brought new market opportunities, without reducing the traditional flexibility of these businesses. Exports remained a significant feature; the USA has maintained punitive trade barriers against certain Hot Rolled products with some impact on these units, but recovery across Europe has more than offset this restriction.



Increased levels of interest from marine and offshore industries stimulated demand for Ansell Jones' specialised lifting equipment in 1994.

The Bright Drawing businesses, GB Steel Bar and Longmore Brothers, saw significant improvement in demand, with order books building steadily throughout the year, reflecting a mixture of confidence and concern amongst end users. Recovery may now be firmly in place but steel shortages and the inevitability of further price increases will add to the overall market difficulties in 1995.

Macreadys, the division's steel bar distribution business, proved well placed to cope with the demands of an improved market. The central distribution facility, a significant investment in 1991, is now achieving outputs and efficiencies in line with design expectations, enabling it to distribute increased volumes, sourced from the division's vertically-integrated Bright Drawing and Hot Rolling operations.

The Cold Rolled Strip businesses made further progress in pursuing high added value specialist markets, with J B & S Lees and Firth Cleveland Steel Strip, the division's leading exporters, selling to both the established and newly emerging industrial economies of the world.

The traditional cold rolling activities of Ductile Cold Mill and Stourbridge Rolling Mills depend to a greater degree on the UK market, and on automotive-related activity in particular. However, a determined effort to seek out European and Pacific Rim markets for their more specialised products generated worthwhile additional revenues in 1994, with encouraging prospects for further growth in the coming year.

ANSELL JONES
COLUMBIA MBF
DUCTILE COLD MILL
DUCTILE HOT MILL
DUCTILE SECTIONS
DUCTILE STEEL PROCESSORS
DUDLEY PORT ROLLING MILLS
FIRTH CLEVELAND STEEL STRIP
GB STEEL BAR
GEORGE GADD
HUB
J B & S LEES
LONDON STEEL TUBE MILLS
LONGMORE BROTHERS
MACREADYS
MIDLAND ENGINEERING STEELS
MONMORE TUBES
NEWMAN-TIPPER TUBES
ODDBOLT
PAUL FABRICATIONS
STEELWAY-FENSECURE
STOURBRIDGE ROLLING MILLS
TOWER MANUFACTURING
W WESSON

The UK Steel Tubes businesses offer an unrivalled span of products, ranging from Monmore's specialist coated tube through to cold drawn welded and special profile precision tube from Newman-Tipper and London Steel Tube Mills. These manufacturing operations are complemented by the UK's largest electrically resistance welded steel tube distributor, HUB. They all benefited from improved UK demand in 1994 and continue to widen their range of products and services. A number of new export markets have been targeted for future growth and significant investment was committed in 1994, with further projects in hand for the coming year.

Glynwed Steels & Engineering's divisional managing director Tony Wilson (left) discusses a new tubular semi-finished component with Mike Thomas, managing director of Newman-Tipper Tubes. This newly developed steel tube was introduced in 1994 for use in advanced safety systems in modern cars. Philip Winfield, (right), Newman-Tipper's production director, was responsible for developing the manufacturing process. The technology used has since highlighted additional market opportunities.

Columbia MBF, in Canada, manufactures conduit tubing and distributes a range of ancillary electrical products, principally to the construction industry. Early signs of Canadian economic recovery have yet to benefit the building sector fully. The company failed to trade profitably throughout the first half year, but recovered somewhat in the second half, although not sufficiently to retrieve fully the earlier shortfalls. New products, combined with exports to the USA, should give a better base for 1995.

The Engineering businesses were late into recession and, as expected, are recovering later in the cycle. Tower Manufacturing has invested steadily in developing its range of cold forged fastenings, and this has countered the slow recovery in building products to give a satisfactory improvement for the year. Ansell Jones reported increased levels of enquiry from the marine and offshore industries; order books increased steadily throughout the year, enabling this small unit to generate acceptable returns. Paul Fabrications fared less well, and the aerospace sector again expects a further 12 months of low demand in 1995, although there are more positive predictions for 1996.

Steelway-Fensecure continues to diversify into component and special purpose fabrications, building on its acknowledged skills in high quality stairways, walkways and perimeter security systems, for major contracts such as the new Severn River Bridge. Broadening the base has improved trading results and further new products and markets are under development to complement the core business.

Ductile Sections continues to experience poor margins on cable and pipework support systems, which are construction-related products. New opportunities for customer-specific cold formed sections have been pursued and first half shortfalls in profitability were recovered by the year end.

The strength of the Steels & Engineering division has always been the diversity of its activities and markets. New opportunities suited to its flexible production processes and added-value products are constantly being targeted. Investment is planned for 1995 which will maintain the important contribution of the division to the Group's overall results. ■

tubes & fittings

ALBION
WEDNESBURY TUBE

The continued weakness in the UK new housing and construction markets, coupled with significant levels of imports of copper tube, combined to maintain heavy pressure on margins for this, the division's main product, during the year.

Copper prices increased significantly over the year. However, average UK margins were similar to those achieved in the previous year, although there was an upward trend towards the end of the year.

Glynwed Tubes & Fittings' divisional managing director John Stalker (left), together with Albion managing director Tony Burns, examines the heating coil component of the highly efficient, space saving CF45 water storage cylinder; just one of a number of new hot water storage products, which brought success to Albion in a UK market that remained difficult for conventional copper hot water pipe and storage products.

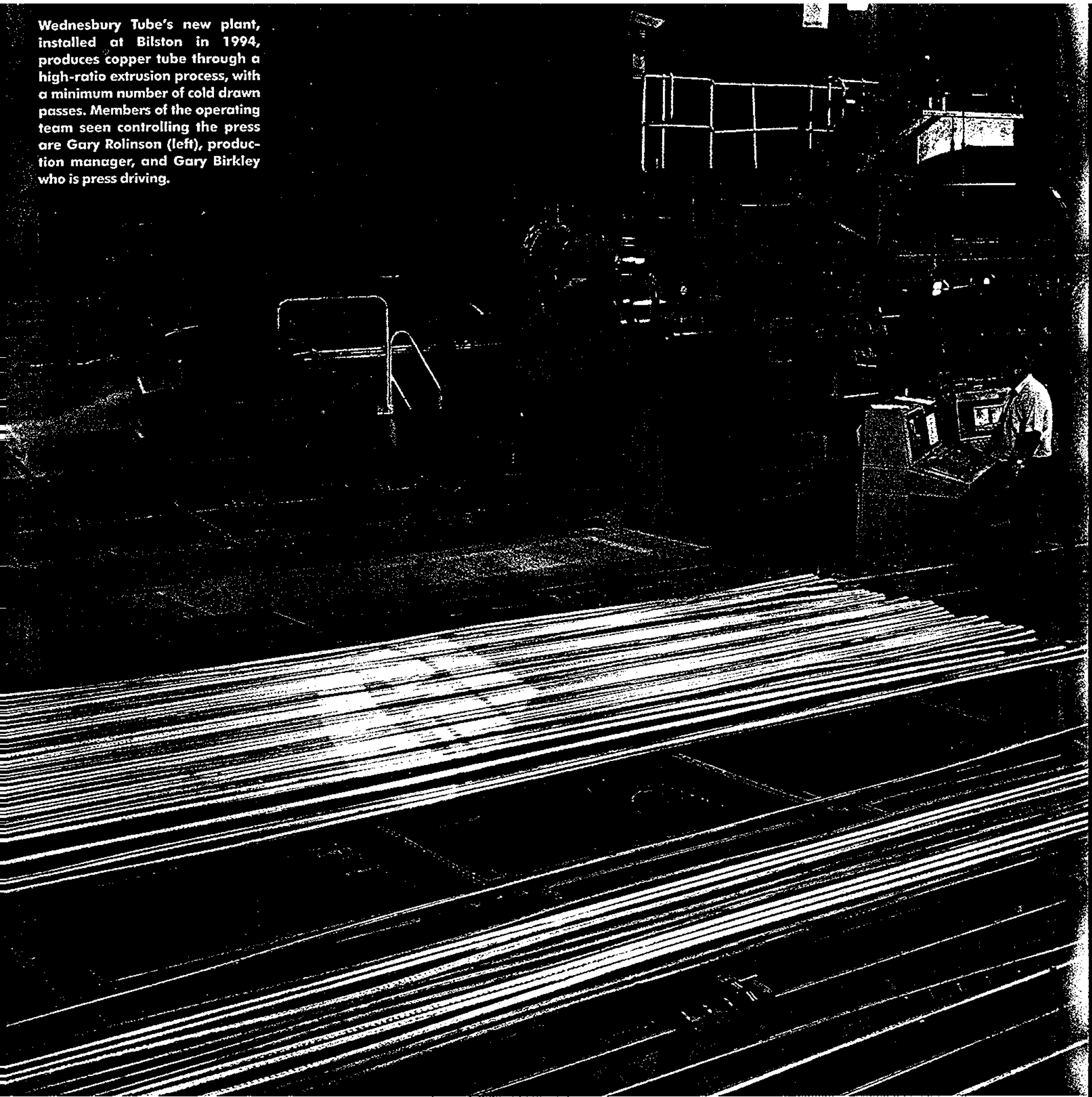
In 1994, Wednesbury Tube regained some market share previously lost to importers in a market which increased only marginally over the low level of demand recorded in 1993. It was also successful in consolidating the considerable growth in export business achieved in 1993, with export sales around the world accounting for 36% of total sales during 1994.

The new tube-manufacturing plant and equipment, relocated on the Bilston site in the West Midlands towards the end of 1993, were successfully commissioned and introduced into the mainstream production cycle during 1994. The high-ratio extrusion principles employed by this new system of production led to a relatively long and costly development period, but production levels over the fourth quarter of 1994 consistently met planned targets.

Further changes to improve efficiency and reduce costs in the business are continuing, including a rationalisation of distribution facilities. These actions will lower the cost base further for the current year.

Plastic-coated engineering copper tube is a market being further developed by Wednesbury Tube.

Albion, the division's manufacturer of copper water storage systems, reported significantly improved results, in spite of the continuing



Wednesbury Tube's new plant, installed at Bilston in 1994, produces copper tube through a high-ratio extrusion process, with a minimum number of cold drawn passes. Members of the operating team seen controlling the press are Gary Rolinson (left), production manager, and Gary Birkley who is press driving.

recession in the UK housing and construction sectors. Sales of standard hot water cylinders remained static, with consequent pressures on margins, but demand for special non-vented products was very buoyant. Albion's investment in the development of these products enabled the business to capitalise on the growth of the unvented hot water storage business sector and sales of these and other high added-value special products resulted in improved levels of profitability in 1994.

For the division the financial results were disappointing, due to the effects of low margins, high development costs and the costs of further rationalisation at Wednesbury Tube. ■

properties

The year started well for the Properties division, with the completion of the sale of a surplus property in St. John's Wood in London where a change-of-use planning consent on the land, from industrial to residential use, was obtained. A total of six other surplus properties were sold in the UK during the year and one in Italy, which took the total proceeds of property sales to £5.9m and earned a profit before tax of £2.9m.

The rent from Group-occupied property continued to provide the major part of the division's income with the market-based rent producing a little above that achieved in the previous year. Although the rental income from property let to non-Group companies was maintained at a satisfactory level, some tenants were casualties of the recession and there are several small industrial units still available to let.

GLYNWED PROPERTIES

GLYNWED PROPERTY MANAGEMENT

GLYNWED PROPERTY DEVELOPMENTS

The property investment programme, primarily to support the requirements of Group companies, ran at a substantial level throughout the year. New shops were bought for Aga-Rayburn at Truro and Bath and a site was purchased to the north-west of Manchester for the construction of a new warehouse for Glynwed Metal Services' Aalco operation. New offices for the Consumer Products division were created by refurbishing an existing building in Leamington Spa, and a major refurbishment and office extension project for Leisure at Long Eaton, Notts., was started during the year and is due for completion during the Spring of 1995.

In Italy the sale of the office building occupied by FIP on the outskirts of Genoa was completed and a replacement office building, together with an expanded production facility, is being constructed at the nearby Casella manufacturing location which is owned by the company. ■

Glynwed Properties' divisional managing director Trevor Barnes (left) holds a meeting on a site to the north-west of Manchester where the division is organising the construction of a new Aalco regional distribution centre for the Metal Services division. The centre will comprise a warehouse, offices and Metal Shop – a new small-order facility successfully piloted in the Midlands during 1994. Alongside Trevor Barnes are Peter Rathbone (centre) of Peter Rathbone Architects Limited and Bernard Brown of Berkeley Brown Property Consultancy. Good progress in construction means that the centre is due to become operational by Spring 1995.

other operations

LEAVLITE GROUP

The other operations, mainly comprising the Leavlite group of companies, saw continuing weakness in the commercial construction market. This adversely affected the results of the powder coating business of Leavlite Electropaint, although Metoxal, which supplies high quality metal finishes to specific markets, improved. Aquadart, along with its shower tray subsidiary, maintained its position in the home improvement market, but Ford & Barley, suppliers of exhibition equipment, found business difficult in a climate where spending on exhibitions and displays continued to be depressed.

API Timbron in Belgium and IsoSystems in the UK, PVC profile and window system producers respectively, were affected by significant polymer price increases and flat markets but nevertheless made some progress. ■

Whilst we have seen the benefit of recovery in some of our markets, in others we have not, notably those related to the housing market and to capital investment in utilities infrastructure.

We are hopeful that 1995 will see the beginnings of recovery in these markets, but if this proves not to be the case our policy of expanding exports wherever possible and the constant efforts of our management teams to improve productivity, supported by a range of new product launches, lead us to expect a further year of progress in 1995. ■

Bruce Ralph
CHIEF EXECUTIVE
14th March 1995

financial review

■ INTRODUCTION

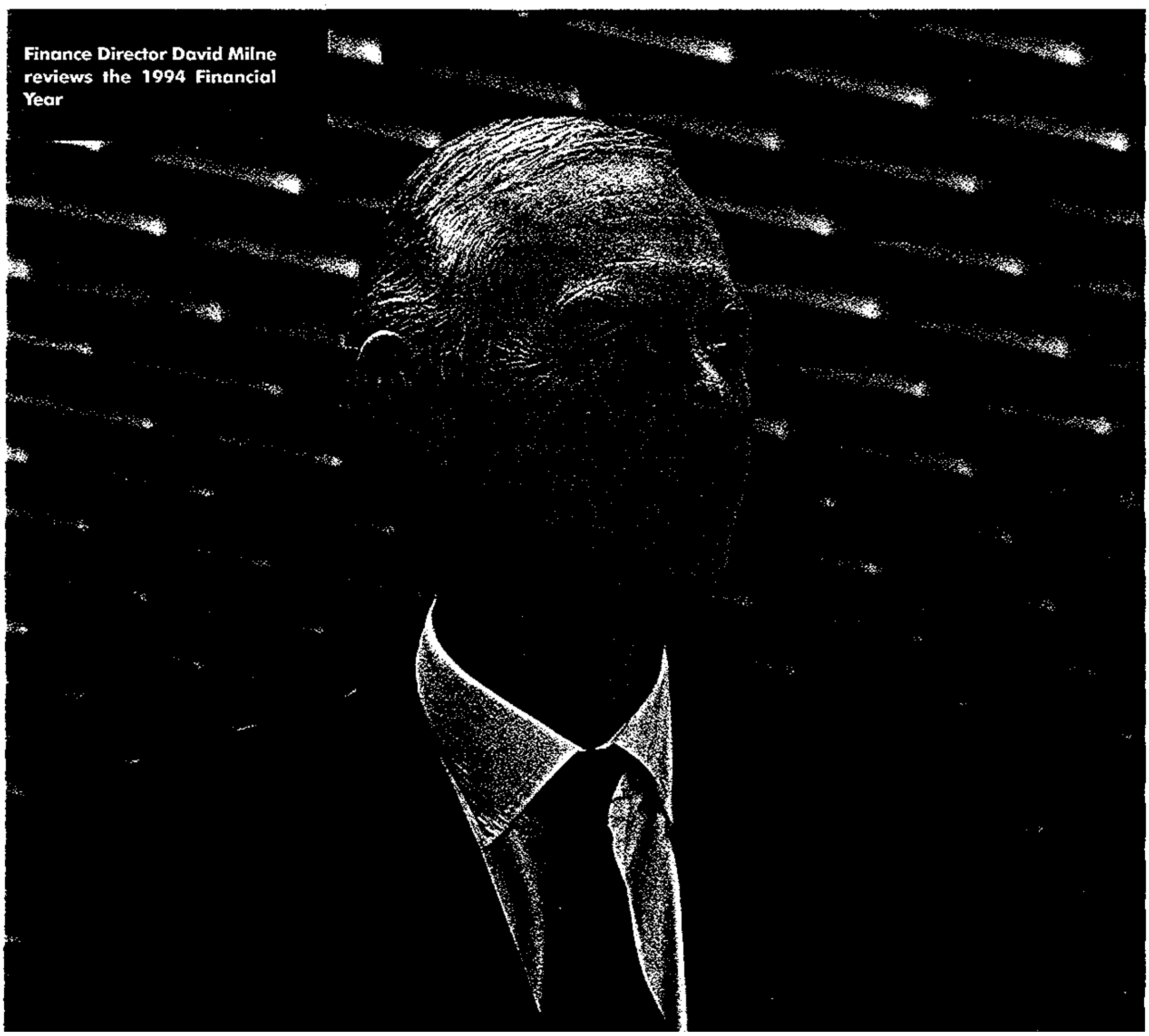
This review provides an analysis of the financial information in these accounts and highlights certain aspects of the Group's financial performance which are not immediately evident from the Group accounts.

■ ACCOUNTING STANDARDS

The adoption in our accounts this year of Financial Reporting Standard (FRS) 5, "Reporting the Substance of Transactions", has had a minor effect on stocks due to the changed treatment of consignment stocks in the balance sheet. FRS7, "Fair Values in Acquisition Accounting", although not mandatory for this year's accounts, has been adopted for all acquisitions made since its issue in September. The adoption of Urgent Issues Task Force (UITF) Abstract No. 10, "Disclosure of Directors' Share Options", has required a small alteration to the information that has been provided in previous years. Apart from these minor changes, the accounting standards and UITF Abstracts issued during the year have had no effect on the Group's 1994 accounts.

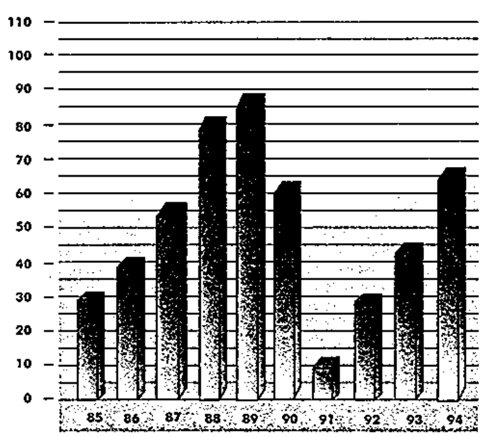
■ OPERATING RESULTS AND RATIOS

The industrial recovery experienced in the UK in the last half of 1993 continued throughout 1994 although the building, construction and consumer



markets showed little growth. With an economic background of lower inflation and with sterling at stable levels most of our operations were able to improve productivity, increase exports and take larger shares of their home markets. The main areas in which the Group operates overseas, namely the USA, continental Europe and Australia, also saw improvements in their economies.

Sales increased to £1,024.9 million, up 6.1% from the previous year. During 1993 metal prices dropped throughout the year but rose rapidly during 1994. The overall effect of these trends was relatively small, increasing sales by £10.8 million and profits by £1.6 million. The effect of exchange rate movements was to reduce sales by £3.0 million and profits by an insignificant amount.



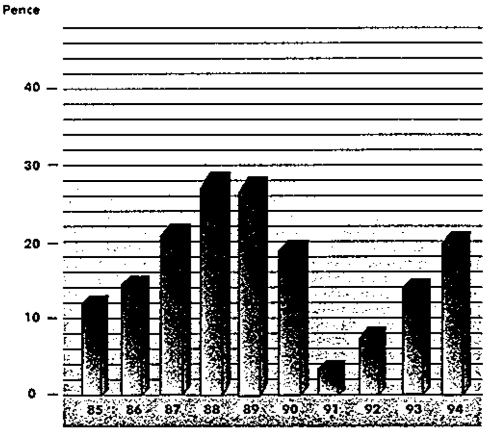
PROFIT BEFORE TAX

With increasing sales volume and increasing metal and other input prices, it has been more necessary than ever to maintain a tight control of margins, costs and cash, as well as driving for new markets and a greater share of our existing markets. As a result of these efforts the operating profit increased by £21.3 million (40.1%) to £74.4 million. A segmental analysis of the Group's results is set out in Note 2 to the accounts. Sales per employee increased by 7.3% and value added per employee by 12.7%.

The Group's overseas operations had sales of £211.1 million (1993 £180.8 million for continuing activities) and trading profits of £16.1 million (1993 £12.0 million for continuing activities). Export sales from the United Kingdom were £116.9 million (1993 £98.7 million), an increase of 18.4%. Exports from the UK manufacturing businesses represented 21.1% of their total sales. Sales to overseas customers, including the sales by our overseas subsidiaries, were 31.3% of turnover (1993 30.3% for continuing activities). An analysis of sales and profits of overseas operations is shown in note 2 to the accounts.

Interest costs were reduced by 27.7% from £10.1 million to £7.3 million, as a result of reduced borrowings in all our areas of operation.

Profit before tax increased by 47.5% to £67.1 million.



EARNINGS PER SHARE
(net basis)

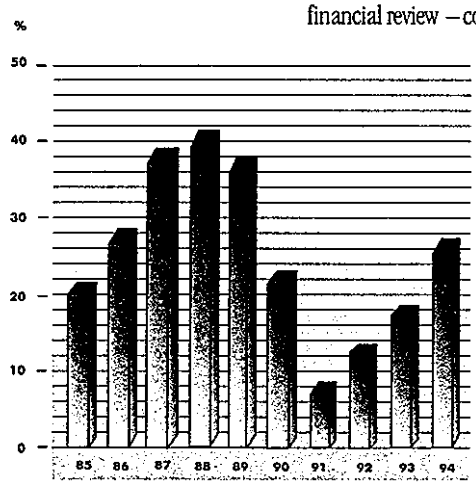
■ TAXATION

The Group's taxation charge increased by 54.8%, because of the increase in profit before tax. The effective tax rate increased from 32.1% to 33.7%.

■ EARNINGS PER SHARE

Earnings per share, calculated on the net basis, as shown in note 11 to the accounts, increased from 14.91p to 21.34p, an increase of 43.1%.

Earnings per share, calculated as defined by the Institute of Investment Management and Research, are also shown in note 11, and have increased by 45.5% to 19.94 pence per share.



RETURN ON CAPITAL EMPLOYED

■ NET OPERATING ASSETS

The Group's net operating assets increased by £6.4 million (2.3%) to £279.9 million. The return on average capital employed (average net assets) increased to 27.3% (1993 18.5%) and the capital turn to 3.8 times (1993 3.2 times).

Capital expenditure was £22.6 million (1993 £19.2 million) and the depreciation charge was £20.8 million (1993 £20.2 million).

Working capital, being stocks and trade debtors less trade creditors, increased by £24.0 million to £199.6 million. At the end of 1994 the current ratio remained the same as in 1993, at 1.3. The current ratio is a measure of the Group's ability to pay its debts in the short term. It is calculated by dividing current assets (including cash) by creditors falling due within one year (including short term borrowings).

■ SHAREHOLDERS' FUNDS

Shareholders' funds increased by £19.0 million from £202.9 million to £221.9 million. This increase contained the following elements:

	£m
Profit retained	18.7
New share capital subscribed	4.9
Goodwill written off arising from acquisitions	(4.6)
Total	19.0

■ CASH FLOW

The cash flow statement is set out on page 38. As well as conforming to FRS1, this statement gives additional information to show the movement between opening and closing borrowings. Borrowings include all finance leases, hire purchase contracts and bills of exchange that have a cost to the Group. The Group borrowings fell during the year by £12.7 million to £57.1 million. Cash flow after payment of tax and interest covered the dividend 1.3 times. A summarised cash flow is shown below:

	£m
Cash inflow from operations before depreciation	55.2
Depreciation	20.8
Net cash inflow from operations	76.0
Investing activities and the finance lease purchases (including £22.6 million for the purchase of fixed assets)	(22.9)
Interest	(7.3)
Taxation	(13.5)
Cash flow before dividends	32.3
Dividends	(24.3)
Cash from shares issued	4.9
Exchange adjustment	(0.2)
Decrease in net borrowings	12.7

■ FINANCIAL NEEDS AND RESOURCES

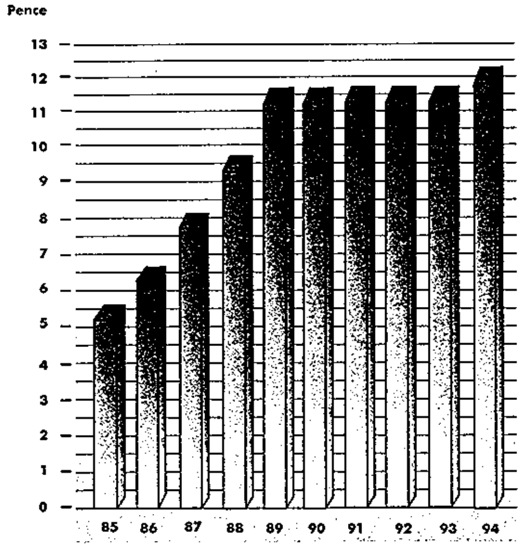
The funding of the Group's capital employed of £279.9 million is shown below together with the cost of servicing those funds:

	Funds £m	Cost of Funds £m
Ordinary shareholders' funds	220.6	25.6
Preference shares	1.3	0.1
Glynwed shareholders' funds	221.9	25.7
Minority shareholders' interests	0.9	0.1
Total shareholders' funds	222.8	25.8
Net borrowings	57.1	7.3
Total funds	279.9	33.1

The Group's debt/equity ratio (net borrowings as a percentage of total shareholders' funds) at the end of 1994 was 25.6% (1993 34.3%). The Group's ability to pay its interest cost is measured by the interest cover (profit before interest divided by interest cost) which in 1994 was 10.2 times (1993 5.5 times).

The Group's ability to pay its dividend out of current earnings is measured by the dividend cover which is calculated by dividing earnings (net profit after taxation, preference dividends and minority interests) by the ordinary dividend for the year. In 1994 the dividend cover was 1.7 times (1993 1.3 times).

The Group has borrowing facilities of approximately £215 million, of which 52% are committed; of those committed facilities, 76% are committed for more than one year. Net borrowings at the end of the year were £57.1 million, which comprised gross borrowings of £82.7 million less cash deposits of £25.6 million. Of the gross borrowings, £65.1 million (79%) were drawn from committed facilities. Average net borrowings during the year were £81.7 million, which is 38.0% of the total facilities. The average net interest rate paid by the Group was 8.9%, which is higher than short term rates have been during the year principally because the Group had £49.3 million of fixed rate loans at an average rate of 9.7%. The 10.75% unsecured loan stock 1994/99 of £5.7 million will be redeemed at par on the 1st May 1995.



DIVIDEND PER SHARE

The Group can clearly meet all its short term requirements from its existing borrowing facilities, and is comfortably within all its borrowing covenants. There are no restrictions which prevent the Group moving its funds to or from subsidiaries overseas, except that withholding tax may arise on certain transfers and the Group's wholly owned subsidiary in Bermuda, Headland Insurance Ltd, maintains a minimum cash balance free of encumbrance of £7 million to comply with Bermudian insurance laws.

■ GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

■ SHAREHOLDERS' RETURN AND VALUE

The return on equity is calculated by taking the profit before tax of £67.1 million as a percentage of shareholders' funds and minority interests at the end of the year of £222.8 million. For 1994 the return on equity increased to 30.1% from 22.3% in 1993.

At the date of the directors' report the ordinary shares had a value of 293p per share (1993 359p) valuing the Group at £611.2million on the London Stock Market compared with a book value of £220.6 million of ordinary shareholders' funds, equating to 105.8p per share.

The dividend of 12.25 pence per share proposed by your board gives a yield of 4.2% based on the above market value of the shares.

David Milne
FINANCE DIRECTOR
14th March 1995

report of the directors

The Directors of Glynwed International plc present their annual report, together with the accounts of the Company, for the 53 weeks ended 31st December 1994. These will be submitted to members at the annual general meeting to be held at **Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ, at 12 noon on Thursday, 4th May 1995.**

■ ACTIVITIES AND BUSINESS REVIEW

Glynwed International plc is the Group holding company. Its principal subsidiaries and their activities are shown on pages 60 and 61.

A review of the operations and prospects of the principal businesses carried on by the Group is given on pages 3 to 27.

■ RESULTS AND DIVIDENDS

The profit for the financial period of the Group was **£44.4** million (1993 £30.8 million). After dividends of **£25.7** million (1993 £24.2 million) the profit retained of **£18.7** million (1993 £6.6 million) has been taken to reserves.

Earnings for the period were **£44.3** million (1993 £30.7 million) as shown in note 11 on page 47, and earnings per share were **21.34p** (1993 14.91p).

An interim dividend of **4.15p** per ordinary share was paid on 7th December 1994. The directors recommend a final dividend of **8.10p** per ordinary share payable on 2nd June 1995 to members on the register at the close of business on 5th May 1995, making a total for the period of **12.25p** per ordinary share (1993 11.65p).

■ CAPITAL OF THE COMPANY

Allotments of ordinary shares of 25p each of the Company were made during 1994 as set out in note 22 on page 55.

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 securities under sections 80 and 95 of the Companies Act 1985 ("the Act"). Resolution no. 6 renews the directors' authority to issue relevant securities up to a nominal value of **£17,385,332**, being one-third of the nominal value of the Company's issued ordinary share capital at the date of this report. Resolution no. 7 renews the directors' authority under section 95 of the Act to allot ordinary shares for cash without first offering them pro rata to existing shareholders as otherwise required by section 89 of the Act; the authority sought is limited to issues of equity securities with a nominal value not to exceed **£2,607,800**, being equivalent to 5% of the nominal value of the Company's issued ordinary share capital at the date of this report.

■ SHAREHOLDERS

At 31st December 1994, the Company had 11,709 ordinary shareholders (1993 11,936). Their holdings are analysed below:

Number of shares	% of shareholders	% of shares in issue
1 – 5,000	89.42	6.00
5,001 – 50,000	7.45	6.03
50,001 – 250,000	1.93	12.43
Over 250,000	1.20	75.54
	100.00	100.00

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
Britannic Assurance plc	10,330,000	4.95
Murray Johnstone Limited	6,254,251	2.99

report of the directors continued

■ DIRECTORS

The members of the Board at the date of this report, each of whom held office throughout the year, are shown on pages 6 and 7. Mr A Miller retired from the Board on 2nd June 1994.

In accordance with the articles of association, Mr J D Eccles and Mr B Doyle retire by rotation and, being eligible, offer themselves for re-election. Mr J D Eccles does not have a service contract with the Company. Mr B Doyle has a service contract with the Company which is terminable on two years' notice.

■ DIRECTORS' INTERESTS

The interests of the directors in shares of the Company shown in 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:

	Shares	Options under the Senior Executive Share Option Scheme					Options under the Savings-Related Share Option Scheme	
		at 264pps	at 304pps	at 308pps	at 200pps	at 307pps	at 244pps	at 182pps
G Davies								
At beginning of period	172,379	37,500	60,000	125,000	50,000	–	1,475	8,241
Exercised (market price 343p)	–	–	–	–	–	–	(1,475)	–
At end of period	174,228	37,500	60,000	125,000	50,000	–	–	8,241
BC Ralph								
At beginning of period	–	–	–	–	–	175,000	–	–
At end of period	–	–	–	–	–	175,000	–	–
DL Milne								
At beginning of period	107,437	24,000	9,000	75,000	46,500	–	1,475	4,532
Exercised (market price 343p)	–	–	–	–	–	–	(1,475)	–
At end of period	109,268	24,000	9,000	75,000	46,500	–	–	4,532
JC Blakeley								
At beginning of period	47,843	15,000	12,000	30,000	35,500	–	1,770	7,005
Exercised (market price 343p)	–	–	–	–	–	–	(1,770)	–
At end of period	50,210	15,000	12,000	30,000	35,500	–	–	7,005
B Doyle								
At beginning of period	4,155	22,500	12,000	25,000	50,000	–	4,426	4,120
Exercised (market price 343p)	–	–	–	–	–	–	(4,426)	–
At end of period	8,581	22,500	12,000	25,000	50,000	–	–	4,120
WJ Biffen								
At beginning of period	–	–	–	–	–	–	–	–
At end of period	–	–	–	–	–	–	–	–
JD Eccles								
At beginning of period	3,313	–	–	–	–	–	–	–
At end of period	3,372	–	–	–	–	–	–	–
CJ Farrow								
At beginning of period	–	–	–	–	–	–	–	–
At end of period	1,000	–	–	–	–	–	–	–

The exercised options referred to above were granted under a scheme which has now been replaced. Under that scheme, the right to exercise the options was not conditional upon any performance criteria.

The periods within which outstanding options are exercisable are listed in note 22 to the accounts. The middle market price of an ordinary share at the end of 1994 was 334p. The price varied during the year between a high of 404p and a low of 321p.

Since 31st December 1994, purchases of ordinary shares of 25p each have been made as follows:

G Davies 24 shares, DL Milne 24 shares, JC Blakeley 46 shares and JD Eccles 4 shares.

No director had an interest in any contract of significance with any Group company during the year.

The Company has purchased insurance to cover directors' and officers' liability as permitted by section 310(3) of the Companies Act 1985.

■ TANGIBLE FIXED ASSETS

The movements of tangible fixed assets are set out in note 12 on page 48 and include a net book value of £1.3 million arising from the acquisition of new businesses.

■ ACQUISITIONS

The principal acquisitions during the period were:–

January	Excel Equipment, UK.
September	Wilford Plastics (Holdings) plc, UK.
December	Günzler Aluminium GmbH, Germany.

■ 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

It is consistent with the Group's underlying management philosophy of vesting a large measure of operational autonomy, accompanied by accountability, in its divisional and business unit managers that responsibility within the Group in personnel matters lies primarily at an operating rather than a central level, albeit within the framework of a requirement that good, modern and consistent practices are adopted which are appropriate to local circumstances. Amongst such practices in the past year has been the considerable development of teamworking in manufacturing processes.

Exceptions to this general precept of devolved responsibility include the operation of pension and share option schemes, and the management of all aspects of the employment of the Group's most senior staff. A particularly significant feature of the latter function is the work done to improve the quality of top management in our business units and to open pathways of advancement for employees of exceptional ability. A comprehensive assessment programme is in existence, covering all levels of management from first line supervision to Operations Board membership, and is paralleled by a variety of individual divisional and Group-wide management development initiatives aimed at realising the management potential which has been identified by the assessment procedure. A further aspect of the attention paid to management development and succession is the systematic recruitment of a small number of graduates, primarily for sales/marketing and production roles, which has recently been put on a co-ordinated, centrally-administered footing. New savings-related and senior executive share option schemes were established in 1994; no options have been granted under either scheme.

A part of the requirement mentioned in the first paragraph of this section of the report is that policies be followed which ensure that there is equal opportunity of employment, regardless of race or sex, and that appropriate consideration is given to disabled applicants in terms of 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 practice 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 individual operating units, a process which is supplemented and aided by the distribution of a regularly-published in-house newspaper.

■ HEALTH AND SAFETY AND ENVIRONMENT

General Principles

Amongst the issues over which particular care is taken in the Group's relationships with employees and with the community, 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, and to monitor adherence to, developments in terms both of good industrial practice and of statutory frameworks.

Policy Framework

To carry through this overall policy, a Group Health and Safety Committee and a Group Environmental Committee have been established, each chaired by a director of the Company and comprising representatives from all the Group's operating divisions. Both committees meet at regular intervals during the year and are responsible for reviewing standards and encouraging improvements within their respective spheres of interest.

Health and Safety

Under the aegis of the Group Health and Safety Committee, a Policy Statement applies at Group level to set the parameters within which each division and business unit sets its own more detailed policies on health and safety issues: under those parameters responsibility for health and safety is clearly placed with divisional and unit managing directors. Operating sites in the UK (of which there are more than 170) are appraised by external consultants under a programme of regular visits, and management are made aware of the social and financial costs of failures to meet standards set by legislation and the Company.

During the past year the first Group Health and Safety Award was made, to Falcon Catering Equipment. Adjudicated by a Panel comprising mainly independent experts, the award is based on operating units' performance assessed on such criteria as training arrangements, accident record, implementation performance in relation to new legislation, initiatives taken to improve health and safety and the effectiveness of local health and safety committees.

Environment

In relation to environmental matters a statement of Group policy has been promulgated and forms the basis for more detailed policies appropriate to the varying circumstances of the Group's individual operating businesses and divisions. Managements have clearly-devolved responsibilities for policy implementation, including that relating to the need to have regard to energy conservation. In 1994 a pilot programme of environmental surveys was carried out across all divisions.

■ PERSONAL EQUITY PLAN

Bradford & Bingley (PEPS) Limited act as plan managers for two personal equity plans – a general plan and a single company plan – which are a tax-efficient way of holding shares in the Company. A leaflet giving further details is enclosed with this report.

■ CHARITABLE DONATIONS AND COMMUNITY RELATIONS

During 1994 the Group gave £120,356 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 such organisations as already mentioned but also in the fields of education, the arts and sport.

■ POLITICAL CONTRIBUTION

The Group gave £40,000 in 1994 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, nor was it a close company during the period.

■ AUDITORS

A resolution to re-appoint the auditors, Coopers & Lybrand, and to authorise the directors to determine their remuneration, will be proposed at the annual general meeting.

■ CALENDAR

From the 1995 Financial Calendar on page 67, shareholders will note that the dates of the annual general meeting and of the payment of the final ordinary dividend have been brought forward by approximately one month from the corresponding dates in 1994.

Ian Shearman

By order of the Board
IAN SHEARMAN
Secretary
Birmingham
14th March 1995

corporate governance

Statement of Compliance

The Company is complying with all those recommendations in the Code of Best Practice promulgated by the Cadbury Committee which are currently in effect and with the recommendations both on going concern and on internal financial control. The directors set out below the organisation and procedures employed to comply with these recommendations.

■ BOARD OF DIRECTORS

- The Board meets regularly to exercise control over the Group.
- The roles of Group Chairman and Group Chief Executive are held by separate directors.
- The Board comprises five executive and three non-executive directors.
- The non-executive directors are independent of the Group's management and have no business relationship with the Group.
- All directors have access to the advice and services of the company secretary, who is responsible for the proper conduct of board procedures.
- A procedure has been established under which directors may, if necessary, obtain professional advice at the Company's expense.
- The executive directors have service contracts which in no case are terminable on longer than a rolling two-year period of notice.

■ AUDIT COMMITTEE

The Audit Committee is under the chairmanship of Mr C J Farrow. Its membership comprises all the current non-executive directors of the Company. It has written terms of reference which follow closely the specimen terms recommended by the Cadbury Committee.

■ REMUNERATION COMMITTEE

The Remuneration Committee meets under the chairmanship of Mr J D Eccles. It has as its members the non-executive directors of the Company and the Group Chairman. Its principal remit is to make recommendations to the Board on all aspects of the remuneration, including performance-related pay, of executive directors. Any grants under the Company's 1994 Senior Executive Share Option Scheme, approved last year by shareholders, will require the approval of the Remuneration Committee, which will also specify the appropriate performance-related criteria.

■ INTERNAL FINANCIAL CONTROL

The Board of Directors has overall responsibility for the systems of internal financial control within the Group. These systems by their nature are designed to provide reasonable assurance that the Group's assets are safeguarded and that the financial information and accounting records are reliable, though such assurance cannot be absolute. The Board has reserved, for its own approval, those major decisions considered significant to the strategy and operation of the Group as a whole and has devised a structure of responsibilities throughout the Group to ensure that at least two appropriate levels of authorisation are required for other decisions which have a major financial implication for the businesses concerned.

corporate governance continued

Internal financial control is operated within a clearly defined organisational structure with clear control responsibilities and authorities, and a practice throughout all the Group's operations of regular management and board meetings to review all aspects of the Group's various businesses including those aspects where there is a potential risk to the Group. Key procedures include planning, budgeting and investment appraisal. For each business there are regular monthly reports, reviewed by boards and management, which contain both written reports and financial statements. The financial statements include profit and loss accounts, balance sheets and cash flow statements for the period under review, year to date and forecasts and are compared to budget, previous year and previous forecasts. The financial statements also contain a variety of operational and financial ratios. Detailed procedures and reporting formats are set out in the Group manual of procedures.

Continual monitoring of the systems of internal financial control is conducted by all management and by internal auditors who independently review the operation of controls. The external auditors, who are engaged to express an opinion on the Group financial statements, also consider the systems of internal financial control in conjunction with the internal auditors to the extent necessary to express that opinion. Internal and external auditors report regularly on the results of their work to management, including executive members of the Board, and to the Audit Committee.

The Board has recently carried out its own review of the Group's internal financial control systems and this will be regularly repeated.

The auditors have reported to the Company that, in their opinion, the comments on going concern on page 27 provide the disclosures required by paragraph 4.6 of the Code as supplemented by the related guidance and have been made with due care. They have also reported that, in their opinion, the statement on pages 32 and 33 appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the London Stock Exchange for their review, except that they have not reviewed nor have they expressed an opinion on the paragraphs above concerning internal financial control as this was outside the scope of their work. In accordance with the Audit Bulletin 1995/1 "Disclosures relating to Corporate Governance" issued by the Auditing Practice Board, they have not carried out the additional work necessary to express an opinion, nor have they expressed any opinion, on the effectiveness of the Group's Corporate Governance procedures.

consolidated profit and loss account

for the 53 weeks ended 31st December 1994

		1994	1993		
		53 weeks to 31st December Total activities	52 weeks to 25th December Continuing activities	Discontinued activities	Total
	Notes	£m	£m	£m	£m
Turnover					
– acquisitions		**2.8**			
– other continuing activities		**1,022.1**			
Total turnover	2 & 3	**1,024.9**	899.9	65.9	965.8
Operating profit					
– acquisitions		**0.4**			
– other continuing activities		**74.0**			
Total operating profit/(loss)	3	**74.4**	55.1	(2.0)	53.1
Provision for losses on discontinued activities		**–**	–	(5.0)	(5.0)
Profit/(loss) on disposals of discontinued activities					
– acquisition discount realised	32	**–**	–	10.1	10.1
– loss on disposal	32	**–**	–	(4.3)	(4.3)
Total profit on disposals of discontinued activities		**–**	–	5.8	5.8
– prior period provisions written back		**–**	–	1.7	1.7
Profit on ordinary activities before interest	2	**74.4**	55.1	0.5	55.6
Interest payable (net)	6	**(7.3)**	(9.7)	(0.4)	(10.1)
Profit on ordinary activities before taxation	2	**67.1**	45.4	0.1	45.5
Tax on profit on ordinary activities	7	**(22.6)**	(15.2)	0.6	(14.6)
Profit on ordinary activities after taxation		**44.5**	30.2	0.7	30.9
Equity minority interests		**(0.1)**	(0.1)	–	(0.1)
Profit for the financial period		**44.4**	30.1	0.7	30.8
Dividends	9	**(25.7)**	(24.2)	–	(24.2)
Profit retained	10	**18.7**	5.9	0.7	6.6
		pence	pence	pence	pence
Earnings per share – net basis	11	**21.34**	14.57	0.34	14.91

The above results for 1994 relate to continuing activities.
Notes to the accounts are on pages 40 to 61.
Movements on reserves are set out in note 23.

GLYNWED

INTERNATIONAL PLC

Profit and loss Account

For the 53 weeks ended 31st December 1994

	1994 £m	1993 £m
NET OPERATING INCOME	5.7	4.1
Income from shares in group undertakings	30.3	21.6
Interest payable (net)	(6.7)	(8.4)
PROFIT ON ORDINARY ACTIVITIES	29.3	17.3
Tax on profit on ordinary activities	(0.5)	0.3
PROFIT FOR THE FINANCIAL PERIOD	28.8	17.6
Dividends	(25.7)	(24.2)
PROFIT RETAINED / (TRANSFER FROM RESERVES)	3.1	(6.6)

supplementary statements

Statement of Total Recognised Gains and Losses

For the 53 weeks ended 31st December 1994

	1994	1993
	£m	£m
Profit for the financial period	44.4	30.8
Currency translation adjustment on foreign currency net investments	–	(1.3)
Total recognised gains and losses relating to the period	44.4	29.5

Note of Historical Cost Profits and Losses

For the 53 weeks ended 31st December 1994

	Notes	1994	1993
		£m	£m
Reported profit on ordinary activities before taxation		67.1	45.5
Realisation of property revaluation gains of previous periods		0.8	0.3
Difference between an historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amounts		0.5	0.3
Historical cost profit on ordinary activities before taxation		68.4	46.1
Tax on profit on ordinary activities	7	(22.6)	(14.6)
Equity Minority interest		(0.1)	(0.1)
Dividends	9	(25.7)	(24.2)
Historical cost profit for the period retained after taxation, minority interests and dividends		20.0	7.2

Reconciliation of Movement in Shareholders' Funds

For the 53 weeks ended 31st December 1994

	Notes	1994	1993
		£m	£m
Profit for the financial period		44.4	30.8
Dividends	9	(25.7)	(24.2)
Profit retained	23	18.7	6.6
Currency translation adjustment on foreign currency net investments		–	(1.3)
New share capital subscribed	27	4.9	3.1
Goodwill written off arising from acquisitions	23	(4.6)	(1.0)
Acquisition discount realised	32	–	(10.1)
Net increase/(reduction) in shareholders' funds		19.0	(2.7)
Shareholders' funds at beginning of period		202.9	205.6
Shareholders' funds at end of period		221.9	202.9

Notes to the accounts are on pages 40 to 61.

consolidated balance sheet

As at 31st December 1994

	Notes	1994 £m	1993 £m
Fixed assets			
Tangible assets	12	**171.4**	172.4
Investments	14	**2.6**	2.7
Total fixed assets		**174.0**	175.1
Current assets			
Stocks	15	**174.7**	137.1
Debtors	16	**222.2**	200.3
Cash at bank and in hand	19	**25.6**	29.7
Total current assets		**422.5**	367.1
Creditors – amounts falling due within one year			
Operating creditors	17	**(291.5)**	(248.0)
Short term borrowings	19	**(29.8)**	(33.9)
Total amounts falling due within one year		**(321.3)**	(281.9)
Net current assets		**101.2**	85.2
Total assets less current liabilities		**275.2**	260.3
Creditors – amounts falling due after more than one year			
Operating creditors	17	**(10.7)**	(12.5)
Medium and long term borrowings	19	**(40.0)**	(42.4)
Provisions for liabilities and charges	21	**(1.7)**	(1.7)
Total net assets employed		**222.8**	203.7
Capital and reserves			
Ordinary shares	22	**52.1**	51.7
Preference shares	22	**1.3**	1.3
Called up share capital		**53.4**	53.0
Share premium account	23	**17.6**	13.1
Revaluation reserve	23	**33.4**	34.0
Profit and loss account	23	**117.5**	102.8
Total shareholders' funds (including non-equity interests)		**221.9**	202.9
Equity minority interests		**0.9**	0.8
Total capital and reserves and minority interests		**222.8**	203.7

G Davies **Chairman**
JD Eccles **Deputy Chairman**
DL Milne **Finance Director**

Notes to the accounts are on pages 40 to 61.

company balance sheet

As at 31st December 1994

	Notes	1994 £m	1993 £m
Fixed assets			
Investments	14	**114.4**	108.0
Current assets			
Debtors	16	**300.5**	279.8
Cash at bank and in hand	19	**1.7**	2.5
Total current assets		**302.2**	282.3
Creditors – amounts falling due within one year			
Operating creditors	17	**(172.5)**	(145.3)
Short term borrowings	19	**(21.1)**	(26.9)
Total amounts falling due within one year		**(193.6)**	(172.2)
Net current assets		**108.6**	110.1
Total assets less current liabilities		**223.0**	218.1
Creditors – amounts falling due after more than one year			
Medium and long term borrowings	19	**(33.5)**	(35.2)
Total net assets employed		**189.5**	182.9
Capital and reserves			
Ordinary shares	22	**52.1**	51.7
Preference shares	22	**1.3**	1.3
Called up share capital		**53.4**	53.0
Share premium account	23	**17.6**	13.1
Profit and loss account	23	**118.5**	116.8
Total shareholders Funds (including non-equity interests)		**189.5**	182.9

G Davies **Chairman**
JD Eccles **Deputy Chairman**
DL Milne **Finance Director**

Notes to the accounts are on pages 40 to 61.

cash flow statement

For the 53 weeks ended 31st December 1994

	Notes	1994 £m	1994 £m	1993 £m	1993 £m
Net cash inflow from operations	24		**76.0**		88.8
Net interest paid	25	**(7.3)**	**(7.3)**	(10.4)	(10.4)
Net cash inflow from operations after interest			**68.7**		78.4
Dividends		**(24.3)**	**(24.3)**	(24.1)	(24.1)
Net cash outflow in respect of returns on investments and servicing of finance		**(31.6)**		(34.5)	
Tax paid			**(13.5)**		(12.8)
Net cash inflow from operations after interest, tax and dividends			**30.9**		41.5
Net cash outflow from investing activities	26		**(22.5)**		(11.1)
Net cash inflow before financing			**8.4**		30.4
Movement in financing – cash outflow	27		**(18.5)**		(12.2)
(Decrease)/increase in net 3 month cash	28		**(10.1)**		18.2

■ MOVEMENT IN NET BORROWINGS AND NET CASH FLOW

	Notes	1994 £m	1994 £m	1993 £m	1993 £m
Net cash inflow before financing			**8.4**		30.4
Purchase of fixed assets with finance leases	26	**(0.4)**		(1.1)	
Shares issued		**4.9**		3.1	
Funds inflow			**4.5**		2.0
Exchange adjustment: increase in sterling equivalent of foreign currency borrowings			**(0.2)**		–
Decrease in net borrowings			**12.7**		32.4
Opening net borrowings			**69.8**		102.2
Closing net borrowings			**57.1**		69.8
Decrease in net borrowings			**12.7**		32.4

Net 3 month cash is cash less borrowings repayable within three months from the date of advance and equates to cash or cash equivalents as defined in FRS1.

Notes to the accounts are on pages 40 to 61.

source and distribution of value added

For the 53 weeks ended 31st December 1994

■ SOURCE OF VALUE ADDED

	1994	1993		
	Total £m	Continuing £m	Discontinued £m	Total £m
Turnover	**1,024.9**	899.9	65.9	965.8
Cost of materials and services used	**(724.9)**	(637.4)	(59.3)	(696.7)
Total value added	**300.0**	262.5	6.6	269.1

■ DISTRIBUTION OF VALUE ADDED FROM CONTINUING ACTIVITIES

	1994		1993	
	£m	%	£m	%
Employees – costs	**204.8**	**68.3**	187.8	71.6
Taxation – UK and overseas	**22.6**	**7.5**	15.2	5.8
Providers of capital				
Interest payable on borrowings	**7.3**	**2.4**	9.7	3.7
Dividends to shareholders	**25.7**	**8.6**	24.2	9.2
Minority shareholders in subsidiaries	**0.1**	**–**	0.1	–
Total cost of capital provided	**33.1**	**11.0**	34.0	12.9
Re-investment in the business				
Depreciation	**20.8**	**6.9**	19.6	7.5
Profit retained	**18.7**	**6.3**	5.9	2.2
Total re-invested	**39.5**	**13.2**	25.5	9.7
Total value added	**300.0**	**100.0**	262.5	100.0

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 include 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.

Discontinued activities

The principle used in allocating interest is that the interest cost or credit of discontinued activities is the additional interest cost or credit arising during the period as a result of retaining the discontinued activity up to the date of discontinuance. The taxation charge or credit on discontinued activities is that which directly arises as a result of their trading operations and discontinuance.

Research and development

Research and development expenditure is written off in the year in which it is incurred (note 3).

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 related undertakings, and any foreign currency borrowing used to finance them, gives rise to an exchange difference, it is taken direct to reserves. Other exchange differences are dealt with through the profit and loss account.

1. Accounting Policies (continued)

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. No deferred taxation is provided for withholding tax on reserves retained in overseas subsidiaries, as double taxation relief is available from all the countries concerned.

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 borrowings. Costs in respect of operating leases are charged in arriving at the operating profit.

Borrowings

All financial instruments with a cost to the Group with the exception of share capital have been included in borrowings. Consequently finance leases and bills of exchange which have a cost to the Group are included in net borrowings, see note 19. The cost of bills and finance leases have been included in net interest.

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

a) By division 1994

	Turnover				
	Gross	Inter-divisional	Net	Profit	Net operating assets
	£m	£m	£m	£m	£m
Consumer Products	**121.5**	**(0.6)**	**120.9**	**13.7**	**17.0**
Foundry Products	**66.0**	**(0.2)**	**65.8**	**3.9**	**8.4**
Metal Services	**214.3**	**(1.8)**	**212.5**	**11.3**	**37.1**
Plastics	**233.1**	**(0.7)**	**232.4**	**19.9**	**60.9**
Steels & Engineering	**296.9**	**(0.5)**	**296.4**	**23.1**	**60.7**
Tubes & Fittings	**71.3**	**(0.3)**	**71.0**	**(3.9)**	**30.9**
Properties	**13.7**	**(12.9)**	**0.8**	**10.1**	**90.4**
Other operations	**25.1**	**–**	**25.1**	**(1.0)**	**1.2**
Central costs	**–**	**–**	**–**	**(2.7)**	**9.2**
Total continuing activities	**1,041.9**	**(17.0)**	**1,024.9**	**74.4**	**315.8**
Discontinued activities	**–**	**–**	**–**	**–**	**(1.5)**
Total activities	**1,041.9**	**(17.0)**	**1,024.9**	**74.4**	**314.3**
Interest	**–**	**–**	**–**	**(7.3)**	**–**
Tax and dividends	**–**	**–**	**–**	**–**	**(34.4)**
Net borrowings	**–**	**–**	**–**	**–**	**(57.1)**
Total Group	**1,041.9**	**(17.0)**	**1,024.9**	**67.1**	**222.8**

Turnover of **£2.8** million and operating profit of **£0.4** million relating to acquisitions are included in the 1994 figure above.

By division 1993

	Turnover				
	Gross	Inter-divisional	Net	Profit	Net operating assets
	£m	£m	£m	£m	£m
Consumer Products	108.6	(0.6)	108.0	10.8	15.2
Foundry Products	56.9	(0.7)	56.2	2.6	9.1
Metal Services	178.7	(2.3)	176.4	6.5	25.6
Plastics	214.6	(4.8)	209.8	16.8	57.1
Steels & Engineering	261.7	(0.5)	261.2	16.2	61.5
Tubes & Fittings	63.9	(0.1)	63.8	(2.2)	26.7
Properties	13.0	(12.4)	0.6	7.0	90.7
Other operations	24.0	(0.1)	23.9	(0.2)	2.7
Central costs	–	–	–	(2.4)	6.9
Total continuing activities	921.4	(21.5)	899.9	55.1	295.5
Discontinued activities	65.9	–	65.9	0.5	1.7
Total activities	987.3	(21.5)	965.8	55.6	297.2
Interest	–	–	–	(10.1)	–
Tax and dividends	–	–	–	–	(23.7)
Net borrowings	–	–	–	–	(69.8)
Total Group	987.3	(21.5)	965.8	45.5	203.7

An analysis of net operating assets by category of asset is given on page 64-65.

2. Principal Activities (continued)

■ SEGMENTAL ANALYSIS

b) Geographically 1994

	Turnover Gross	Turnover Inter-region	Turnover Net	Profit	Net operating assets
	£m	£m	£m	£m	£m
United Kingdom	**831.6**	**(17.8)**	**813.8**	**58.3**	**257.8**
Europe (except United Kingdom)	**81.6**	**(0.1)**	**81.5**	**5.3**	**26.3**
North America	**105.9**	**(0.2)**	**105.7**	**6.4**	**20.7**
Australia	**24.6**	**(0.7)**	**23.9**	**4.4**	**11.0**
Total continuing activities	**1,043.7**	**(18.8)**	**1,024.9**	**74.4**	**315.8**
Discontinued activities	–	–	–	–	**(1.5)**
Total activities	**1,043.7**	**(18.8)**	**1,024.9**	**74.4**	**314.3**
Interest	–	–	–	**(7.3)**	–
Tax and dividends	–	–	–	–	**(34.4)**
Net borrowings	–	–	–	–	**(57.1)**
Total Group	**1,043.7**	**(18.8)**	**1,024.9**	**67.1**	**222.8**

Geographically 1993

	Turnover Gross	Turnover Inter-region	Turnover Net	Profit	Net operating assets
	£m	£m	£m	£m	£m
United Kingdom	728.8	(9.7)	719.1	43.1	240.8
Europe (except United Kingdom)	67.1	(0.7)	66.4	4.2	21.7
North America	95.1	(0.6)	94.5	4.1	21.2
Australia	20.5	(0.6)	19.9	3.7	11.8
Total continuing activities	911.5	(11.6)	899.9	55.1	295.5
Discontinued activities	65.9	–	65.9	0.5	1.7
Total activities	977.4	(11.6)	965.8	55.6	297.2
Interest	–	–	–	(10.1)	–
Tax and dividends	–	–	–	–	(23.7)
Net borrowings	–	–	–	–	(69.8)
Total Group	977.4	(11.6)	965.8	45.5	203.7

The turnover for North America consists of **£86.7** million (1993 £77.2 million) in the USA and **£19.0** million (1993 £17.3 million) in Canada.

c) Turnover by customer location

	1994 £m	1994 %	1993 £m	1993 %
North and South America	**124.6**	**12.1**	112.6	12.5
Europe (except United Kingdom)	**149.3**	**14.6**	115.0	12.8
Asia and Australasia	**33.3**	**3.2**	27.1	3.0
Middle East	**11.1**	**1.1**	15.0	1.7
Africa	**2.7**	**0.3**	2.8	0.3
Total overseas	**321.0**	**31.3**	272.5	30.3
United Kingdom	**703.9**	**68.7**	627.4	69.7
Total continuing activities	**1,024.9**	**100.0**	899.9	100.0
Discontinued activities	–		65.9	
Total turnover	**1,024.9**		965.8	

Sales value of direct exports from the United Kingdom during the year was **£116.9** million (1993 £98.7 million). Exports from UK subsidiaries to overseas subsidiaries were an additional **£17.8** million (1993 £9.7 million). The Group is a supplier to many United Kingdom companies, and its products form a part of their exports.

3. Net Operating Costs

	1994	1993		
	Total	Continuing	Discontinued	Total
	£m	£m	£m	£m
Turnover	**1,024.9**	899.9	65.9	965.8
Less operating (profit)/loss	**(74.4)**	(55.1)	2.0	(53.1)
Net operating costs	**950.5**	844.8	67.9	912.7
Net operating costs				
Raw materials and consumables	**576.8**	473.8	49.6	523.4
Staff costs (see note 5)	**204.8**	187.8	8.0	195.8
Other operating charges	**133.3**	123.9	6.7	130.6
Change in stocks of finished goods and work in progress	**(23.4)**	7.4	2.5	9.9
Own work capitalised	**(0.8)**	(0.7)	–	(0.7)
Other operating income	**(6.0)**	(3.4)	–	(3.4)
Other external charges	**45.0**	36.4	0.5	36.9
Depreciation and other amounts written off tangible fixed assets	**20.8**	19.6	0.6	20.2
Total net operating costs	**950.5**	844.8	67.9	912.7

	1994	1993
Net operating costs include the following:	£m	£m
Reorganisation and redundancy	**2.7**	3.0
Profit on sale of properties	**2.9**	–
Operating lease rentals		
Hire of plant, equipment and vehicles	**4.7**	5.2
Other operating leases – property rentals	**7.6**	8.5
Total operating lease rentals	**12.3**	13.7
Auditors' remuneration		
Audit services (Company **£0.2** million (1993 £0.2 million))	**1.1**	1.0
Other services provided by Group auditors	**0.1**	0.1
Research and development	**3.3**	3.1

Net expenditure in respect of discontinued activities in the current period amounted to **£3.5** million, all of which was provided for in previous years.

The total figures for 1994 include the following amounts relating to acquisitions:

	1994
	£m
Turnover	**2.8**
Less operating profit	**(0.4)**
Net operating costs	**2.4**
Raw materials and consumables	**1.9**
Staff costs	**0.3**
Other operating charges	**0.2**
Net operating costs	**2.4**

4. Directors' Emoluments of Glynwed International plc

	1994	1993
	£000	£000
Salary and benefits as executives	**1,019**	1,111
Performance-related	**220**	–
Non-executive directors' fees	**76**	56
Pension contributions	**165**	95
Payments in respect of retirement	**17**	–
Total directors' emoluments charged	**1,497**	1,262

Payment of performance-related pay is determined by the Remuneration Committee of the Board whose members currently base their decisions in this respect on three criteria, namely, increase in the value of the Company's share price relative to the FT-SE All Share Index, increase in earnings per share subject to a minimum increase, and increase in the dividend subject to an adequate dividend cover. The amount payable in relation to each of the three criteria is capped, and the total payable to any director is limited to twenty-five per cent of base salary. Payments made are mainly based on performance in the prior year but the totality of the performance cannot be assessed until after the announcement of the preliminary results, and therefore payments are shown in the accounts in the year in which they are made.

Directors' emoluments disclosed in accordance with Part 1 of Schedule 6 to the Companies Act 1985, and excluding pension contributions, are as follows:

	1994	1993
Chairman	£	£
Salary and benefits	**278,695**	260,382
Performance-related	**57,668**	–
Total	**336,363**	260,382

Directors £	Number of directors	
335,001 to 340,000	**1**	–
325,001 to 330,000	**1**	–
260,001 to 265,000	–	1
235,001 to 240,000	–	1
185,001 to 190,000	**1**	–
155,001 to 160,000	**1**	–
145,001 to 150,000	–	1
135,001 to 140,000	**1**	1
125,001 to 130,000	–	1
100,001 to 105,000	–	1
95,001 to 100,000	**1**	–
85,001 to 90,000	–	1
35,001 to 40,000	**1**	–
30,001 to 35,000	–	1
15,001 to 20,000	**2**	1
5,001 to 10,000	–	1
Total number of directors (including the Chairman)	**9**	10

5. Employee Information

	Number of employees	
Average number of employees	**1994**	**1993**
United Kingdom and Europe	**10,139**	10,092
United States of America	**370**	578
Canada	**164**	142
Australia	**353**	337
Total (including executive directors)	**11,026**	11,149

notes to the accounts

5. Employee Information (continued)

	1994	1993		
	Total	Continuing activities	Discontinued activities	Total
Staff costs	£m	£m	£m	£m
Wages and salaries	**182.9**	168.2	6.1	174.3
Social security costs	**18.9**	17.4	1.8	19.2
Other pension costs	**3.0**	2.2	0.1	2.3
Total staff costs (including executive directors)	**204.8**	187.8	8.0	195.8

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 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 31st March 1992 using the projected unit credit method. The principal assumptions on which these valuations were based were that the investment return would be 3.5% greater than general salary increases and 6.0% greater than increases in future pension payments. The results of these valuations showed that the schemes had a market value of £304.2 million and were 146% funded. The surplus has been spread over the expected future service of employees as a level percentage of wages and salaries.

The valuations have been used in assessing the expected cost of providing pensions for 1994 and future years.

6. Interest Payable (net)

	1994	1993		
	Total	Continuing	Discontinued	Total
Interest payable and similar charges	£m	£m	£m	£m
On borrowings wholly repayable within five years (other than by instalments)	**4.0**	5.1	0.4	5.5
On all other borrowings	**3.9**	4.2	–	4.2
On finance leases	**0.9**	1.5	–	1.5
Total interest payable and similar charges	**8.8**	10.8	0.4	11.2
Less interest receivable and similar income	**(1.5)**	(1.1)	–	(1.1)
Interest payable (net)	**7.3**	9.7	0.4	10.1

Interest has been allocated to discontinued activities in 1993 as explained in Note 1.

7. Taxation

	1994	1993		
	Total	Continuing	Discontinued	Total
On the profit for the period	£m	£m	£m	£m
United Kingdom corporation tax (based on a rate of 33%,1993 33%)	**17.5**	10.9	(0.6)	10.3
Overseas taxation	**4.6**	3.7	–	3.7
Taxation on the profit of the period	**22.1**	14.6	(0.6)	14.0
Previous year adjustments	**0.5**	0.6	–	0.6
Total tax on profit on ordinary activities	**22.6**	15.2	(0.6)	14.6

Taxation has been allocated to discontinued activities in 1993 as explained in Note 1.

8. Profit for the Financial Period

Group profit after taxation and minority interests for the period was **£44.4** million (1993 £30.8 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 **£28.8** million (1993 £17.6 million).

9. Dividends

		1994	1993
Ordinary dividends		£m	£m
Interim dividend paid of **4.15p** per share	(1993 4.15p)	**8.7**	8.6
Proposed final dividend of **8.10p** per share	(1993 7.50p)	**16.9**	15.5
Total ordinary dividends of 12.25p per share	(1993 11.65p)	**25.6**	24.1
Preference dividends 5.425%		**0.1**	0.1
Total dividends		**25.7**	24.2

10. Profit Retained

	1994	1993
	£m	£m
Glynwed International plc	**3.1**	(6.7)
Subsidiary companies	**15.6**	13.3
Total profit retained	**18.7**	6.6

11. Calculation of Earnings per Share

Earnings per share have been calculated using the earnings set out below and an average of **207.6** million (1993 205.9 million) ordinary shares of 25p each in issue.

	1994	1993		
	Total	Continuing activities	Discontinued activities	Total
	£m	£m	£m	£m
Profit for the financial period	**44.4**	30.1	0.7	30.8
Preference dividend	**(0.1)**	(0.1)	–	(0.1)
Earnings	**44.3**	30.0	0.7	30.7
	pence	pence	pence	pence
Earnings per share	**21.34**	14.57	0.34	14.91

Headline earnings as defined by the Institute of Investment Management and Research (IIMR)
(Shown in the ten year financial record on page 64.)

	1994	1993
	£m	£m
Total earnings as above	**44.3**	30.7
Profit on sale of properties	**(2.9)**	–
Provisions for losses on discontinued activities	–	5.0
Disposal of discontinued operations		
– acquisition discount realised	–	(10.1)
– loss on disposal	**3.5**	4.3
– prior period provisions written back	**(3.5)**	(1.7)
IIMR headline earnings	**41.4**	28.2
	pence	pence
IIMR earnings per share	**19.94**	13.70

The earnings per share under the IIMR definition are disclosed to show the basis of the calculation of the earnings per share that will be used by the financial press.

12. Tangible Fixed Assets

	1994						1993
	Land and buildings			Plant and machinery	Fixtures fittings tools and equipment	Total tangible fixed assets	Total tangible fixed assets
	Freehold	Leasehold Long	Leasehold Short				
	£m	£m	£m	£m	£m	£m	£m
Cost and valuation							
At beginning of period	91.9	7.5	1.3	174.6	60.0	**335.3**	333.1
Exchange adjustments	0.2	–	–	0.3	0.2	**0.7**	(2.6)
Businesses acquired	0.7	0.4	–	0.7	0.6	**2.4**	0.8
Additions at cost	3.0	–	–	11.2	8.4	**22.6**	19.2
Disposals	(2.8)	(0.2)	(0.1)	(4.0)	(6.2)	**(13.3)**	(15.2)
At end of period	93.0	7.7	1.2	182.8	63.0	**347.7**	335.3
Analysis of cost and valuation							
Cost	11.1	1.9	0.5	181.6	62.8	**257.9**	243.5
Professional valuations							
1990	70.3	3.4	–	–	–	**73.7**	74.8
Previous years	8.3	2.4	0.7	0.1	–	**11.5**	11.5
Directors' valuations	3.3	–	–	1.1	0.2	**4.6**	5.5
At end of period	93.0	7.7	1.2	182.8	63.0	**347.7**	335.3
Accumulated depreciation							
At beginning of period	4.1	0.7	1.1	114.7	42.3	**162.9**	156.2
Exchange adjustments	–	–	–	0.2	0.1	**0.3**	(1.6)
Businesses acquired	0.1	–	–	0.6	0.4	**1.1**	–
Provision for the period	1.2	0.2	0.1	11.9	7.4	**20.8**	20.2
Disposals	(0.2)	–	(0.1)	(3.4)	(5.1)	**(8.8)**	(11.9)
At end of period	5.2	0.9	1.1	124.0	45.1	**176.3**	162.9
Net book value							
At end of period	87.8	6.8	0.1	58.8	17.9	**171.4**	172.4
At beginning of period	87.8	6.8	0.2	59.9	17.7	172.4	176.9

Included in the cost of tangible fixed assets is **£2.9** million (1993 £3.8 million) in respect of assets in course of construction.

The historical cost of tangible fixed assets amounts to **£311.5** million (1993 £299.8 million) and the accumulated depreciation thereon is **£180.3** million (1993 £168.6 million), giving a net historical book value of **£131.2** million (1993 £131.2 million).

The net book value of tangible fixed assets includes **£13.6** million (1993 £15.3 million) in respect of assets held under finance leases. Depreciation for the period on these assets was **£2.0** million (1993 £1.7 million).

notes to the accounts

13. Commitments

Group	1994	1993
	£m	£m
a) Capital commitments		
Authorised by the Board but not contracted for	**4.8**	7.2
Contracted for but not provided in the accounts	**6.4**	2.8
Total capital commitments	**11.2**	10.0

	Land and buildings		Other operating leases	
	1994	1993	1994	1993
b) Operating lease commitments for 1995	£m	£m	£m	£m
For leases expiring				
After more than five years	**4.3**	4.9	**–**	0.3
Between two and five years	**2.0**	1.9	**1.8**	1.9
Between one and two years	**0.8**	1.3	**0.9**	0.7
Within one year	**0.5**	0.4	**0.8**	0.8
Total operating lease commitments	**7.6**	8.5	**3.5**	3.7

Glynwed International plc has no capital or operating lease commitments (1993 nil).

14. Investments

Group	Share of net assets of associated undertakings	Other investments	Total
Fixed asset investments	£m	£m	£m
Cost at beginning of period	0.6	2.8	**3.4**
Disposals	–	(0.7)	**(0.7)**
Cost at end of period	0.6	2.1	**2.7**
Provision at beginning of period	–	(0.7)	**(0.7)**
Movement during period	–	0.6	**0.6**
Provision at end of period	–	(0.1)	**(0.1)**
Net book value at end of period	0.6	2.0	**2.6**
Listed (market value £1.6 million)	–	1.6	**1.6**
Unlisted	0.6	0.4	**1.0**
At end of period	0.6	2.0	**2.6**

notes to the accounts

14. Investments (continued)

	Cost of shares	Provisions	Net book value	Amounts due from subsidiaries	Amounts due to subsidiaries	Total
Company	£m	£m	£m	£m	£m	£m
Subsidiaries						
At beginning of period	151.6	(45.0)	**106.6**	259.2	(124.1)	241.7
Additions	6.9	–	**6.9**	–	–	6.9
Movements during period	–	(0.5)	**(0.5)**	24.1	(25.1)	(1.5)
At end of period	158.5	(45.5)	**113.0**	283.3	(149.2)	247.1
Other Investments						
At beginning and end of period	1.5	(0.1)	**1.4**	–	–	1.4
Total investments						
At end of period	160.0	(45.6)	**114.4**	283.3	(149.2)	248.5
At beginning of period	153.1	(45.1)	108.0	259.2	(124.1)	243.1

15. Stocks

	1994	**1993**
	£m	£m
Raw materials and consumables	**38.8**	26.5
Work in progress	**20.3**	16.0
Finished goods and goods for resale	**115.6**	94.6
Total stocks	**174.7**	137.1

16. Debtors

	Group		Company	
	1994	**1993**	**1994**	**1993**
Amounts falling due within one year	£m	£m	£m	£m
Trade debtors	**200.1**	174.2	–	–
Bills of exchange receivable	–	4.7	–	–
– less discounted at a cost to the Group (note 19)	–	(0.4)	–	–
Amounts owed by Group undertakings	–	–	**283.3**	259.2
Other debtors	**5.7**	6.9	–	–
Prepayments and accrued income	**12.2**	11.0	–	–
Advance corporation tax	–	–	**13.0**	16.7
Total debtors falling due within one year	**218.0**	196.4	**296.3**	275.9
Amounts falling due after more than one year				
Advance corporation tax	**4.2**	3.9	**4.2**	3.9
Total debtors	**222.2**	200.3	**300.5**	279.8

17. Operating Creditors

	Group		Company	
	1994	**1993**	**1994**	**1993**
Amounts falling due within one year	£m	£m	£m	£m
Trade creditors	**175.2**	135.7	**–**	–
Bills of exchange payable				
– discounted at a cost to the Group (note 19)	**0.2**	7.9	**–**	–
– other	**3.7**	5.6	**–**	–
Amounts owed to Group undertakings	**–**	–	**149.2**	124.1
Social security	**3.4**	2.9	**–**	–
Dividends payable	**16.9**	15.5	**16.9**	15.5
Accruals and deferred income	**43.5**	40.8	**1.0**	1.1
Taxation	**21.7**	12.1	**4.7**	4.3
Other creditors	**24.9**	25.1	**0.7**	0.3
Finance leases	**2.0**	2.4	**–**	–
Total operating creditors falling due within one year	**291.5**	248.0	**172.5**	145.3
Amounts falling due after more than one year				
Finance leases	**10.7**	12.5	**–**	–
Total operating creditors falling due after more than one year	**10.7**	12.5	**–**	–

18. Obligations under Finance Leases

	1994	**1993**
Group	£m	£m
Payable after more than five years	**4.5**	5.8
Payable between two and five years	**4.7**	4.9
Payable between one and two years	**1.5**	1.8
Total payable after more than one year	**10.7**	12.5
Payable within one year	**2.0**	2.4
Total obligations under finance leases	**12.7**	14.9

19. Borrowings

	Group 1994	Group 1993	Company 1994	Company 1993
a) Listed debt, bank and other borrowings	£m	£m	£m	£m
Listed debt				
7.5% Debenture Stock 1989/94	–	1.0	–	1.0
10.75% Loan Stock 1994/99	**5.7**	5.7	**5.7**	5.7
Total listed debt	**5.7**	6.7	**5.7**	6.7
Other borrowings	**4.4**	4.5	**4.1**	4.1
Total listed debt and other borrowings	**10.1**	11.2	**9.8**	10.8
Discounted bills of exchange	**0.2**	8.3	–	–
Finance leases	**12.7**	14.9	–	–
Other bank borrowings	**59.7**	65.1	**44.8**	51.3
Total bank borrowings	**72.6**	88.3	**44.8**	51.3
Total borrowings	**82.7**	99.5	**54.6**	62.1
Cash at bank and in hand	**(25.6)**	(29.7)	**(1.7)**	(2.5)
Total net borrowings	**57.1**	69.8	**52.9**	59.6

All loan capital is repayable at par on maturity.

	1994				1993			
	Bills of exchange	Finance leases	Other borrowings	Total	Bills of exchange	Finance leases	Other borrowings	Total
	£m	£m	£m	£m	£m	£m	£m	£m
b) Summary of borrowings from the balance sheet								
Discounted bills of exchange with a cost to the group								
– receivable (note 16)	–	–	–	–	0.4	–	–	0.4
– payable (note 17)	0.2	–	–	**0.2**	7.9	–	–	7.9
Finance leases (note 17)	–	2.0	–	**2.0**	–	2.4	–	2.4
Short term borrowings (page 36)	–	–	29.8	**29.8**	–	–	33.9	33.9
Total falling due within one year	0.2	2.0	29.8	**32.0**	8.3	2.4	33.9	44.6
Finance leases (note 17)	–	10.7	–	**10.7**	–	12.5	–	12.5
Medium and long term borrowings	–	–	40.0	**40.0**	–	–	42.4	42.4
Total borrowings	0.2	12.7	69.8	**82.7**	8.3	14.9	76.3	99.5
Cash at bank and in hand (page 36)				**(25.6)**				(29.7)
Total net borrowings				**57.1**				69.8

Total net borrowings are defined as described in note 1. The above table provides the analysis of the constituent parts.
The 7.5% Debenture Stock 1989/94 was repaid at par on 6th December 1994.
Notice has been given to repay the 10.75% Loan Stock 1994/99 at par on 1st May 1995.

19. Borrowings (continued)

c) **Maturity of borrowings**

	1994				1993			
		Other				Other		
	Bank	Secured	Unsecured	Total borrowings	Bank	Secured	Unsecured	Total borrowings
Group	£m	£m	£m	£m	£m	£m	£m	£m
Amounts repayable within one year								
10.75% Loan Stock 1994/99	–	–	5.7	**5.7**	–	–	–	–
7.5% Debenture Stock 1989/94	–	–	–	–	–	1.0	–	1.0
* Other	26.2[1]	–	0.1	**26.3**	43.5[1]	–	0.1	43.6
Total falling due within one year	26.2	–	5.8	**32.0**	43.5	1.0	0.1	44.6
Amounts repayable between one and two years								
* Total repayable between one and two years	2.0[2]	–	–	**2.0**	7.2[2]	–	0.1	7.3
Amounts repayable between two and five years								
* Total repayable between two and five years	39.9[3]	–	0.1	**40.0**	31.5[3]	0.1	–	31.6
Amounts repayable after five years								
10.75% Loan Stock 1994/99	–	–	–	–	–	–	5.7	5.7
* By instalments	4.5[4]	–	0.1	**4.6**	6.1[4]	–	0.1	6.2
* Other	–	–	4.1	**4.1**	–	–	4.1	4.1
Total repayable after five years	4.5	–	4.2	**8.7**	6.1	–	9.9	16.0
Total falling due after one year	46.4	–	4.3	**50.7**	44.8	0.1	10.0	54.9
Total borrowings	72.6	–	10.1	**82.7**	88.3	1.1	10.1	99.5
Cash at bank and in hand				**(25.6)**				(29.7)
Total net borrowings				**57.1**				69.8

* Interest rates are not more than the appropriate market rate

1 Includes **£2.0** million (1993 £2.4 million) secured
2 Includes **£1.5** million (1993 £1.8 million) secured
3 Includes **£4.7** million (1993 £4.9 million) secured
4 Includes **£4.5** million (1993 £5.8 million) secured

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

notes to the accounts

19. Borrowings (continued)

c) Maturity of borrowings (continued)

	1994				1993			
		Other				Other		
	Bank	Secured	Unsecured	Total borrowings	Bank	Secured	Unsecured	Total borrowings
Company	£m	£m	£m	£m	£m	£m	£m	£m
Amounts repayable within one year								
10.75% Loan Stock 1994/99	–	–	5.7	**5.7**	–	–	–	–
7.5% Debenture Stock 1989/94	–	–	–	–	–	1.0	–	1.0
* Other	15.4	–	–	**15.4**	25.9	–	–	25.9
Total falling due within one year	15.4	–	5.7	**21.1**	25.9	1.0	–	26.9
Amounts repayable between two and five years								
Total repayable between two and five years	29.4	–	–	**29.4**	25.4	–	–	25.4
Amounts repayable after five years								
10.75% Loan Stock 1994/99	–	–	–	–	–	–	5.7	5.7
Other than by instalments	–	–	4.1	**4.1**	–	–	4.1	4.1
Total repayable after five years	–	–	4.1	**4.1**	–	–	9.8	9.8
Total falling due after one year	29.4	–	4.1	**33.5**	25.4	–	9.8	35.2
Total borrowings	44.8	–	9.8	**54.6**	51.3	1.0	9.8	62.1
Cash at bank and in hand				**(1.7)**				(2.5)
Total net borrowings				**52.9**				59.6

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

20. 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.

21. Provisions for Liabilities and Charges

	1994	1993
	£m	£m
a) Pensions		
Provision at beginning of period	**1.7**	0.9
Provided in period	–	0.8
Provision at end of period	**1.7**	1.7

21. Provisions for Liabilities and Charges (continued)

	Provided		Potential unprovided	
	1994	**1993**	**1994**	**1993**
b) Deferred taxation	£m	£m	£m	£m
Timing differences mainly between tax allowances and depreciation	**1.2**	1.1	**7.0**	7.4
Other timing differences	**(1.2)**	(1.1)	**(3.5)**	(4.8)
Corporation tax payable if properties were disposed of at revalued amounts	**–**	–	**0.4**	0.6
Total deferred taxation	**–**	–	**3.9**	3.2

22. Share Capital

	Ordinary shares of 25p each		425% Cumulative Preference shares of £1 each	
	1994	**1993**	**1994**	**1993**
Value	£m	£m	£m	£m
Authorised	**73.2**	73.2	**1.3**	1.3
Issued	**52.1**	51.7	**1.3**	1.3
	million	million	million	million
Number				
Authorised	**292.6**	292.6	**1.3**	1.3
Issued	**208.6**	206.8	**1.3**	1.3

The issued preference share capital of **£1.3** million (1993 £1.3m) represents the only non-equity interests included in total shareholders' funds.

During the period **1.8** million ordinary shares of 25p each were issued in connection with the Company's share option schemes, for an aggregate consideration of **£4.9** million.

Under the Glynwed International Senior Executive Share Option Scheme, at 31st December 1994 options have been granted and were outstanding as set out below:

Number of ordinary shares	Option price p per share	Exercisable in the 7 years to
219,750	264	April 1997
213,200	304	April 1998
965,000	308	September 1999
2,056,000	200	September 2002
175,000	307	September 2003
3,628,950	–	Total

Under the Glynwed International Savings-Related Share Option Scheme, at 31st December 1994 options had been granted and were outstanding in respect of 142,779 ordinary shares at 244p per share exercisable ordinarily in the six months to April 1995; and 1,842,104 ordinary shares at 182p per share exercisable ordinarily in the six months to November 1997.

notes to the accounts

23. Reserves

	Share premium	Revaluation reserve	Profit and loss account	Total
Group	£m	£m	£m	£m
At beginning of period	13.1	34.0	102.8	**149.9**
Exchange translation adjustments	–	0.2	(0.2)	–
Premium on shares issued	4.5	–	–	**4.5**
*Goodwill written off arising from acquisitions	–	–	(4.6)	**(4.6)**
Transfer between reserves	–	(0.8)	0.8	–
Profit retained	–	–	18.7	**18.7**
At end of period	**17.6**	**33.4**	**117.5**	**168.5**
Company				
At beginning of period	13.1	–	116.8	**129.9**
Exchange translation adjustments	–	–	(1.4)	**(1.4)**
Premium on shares issued	4.5	–	–	**4.5**
Profit retained	–	–	3.1	**3.1**
At end of period	**17.6**	–	**118.5**	**136.1**

	Book value	Other provisions	Fair value
Goodwill arising from acquisitions	£m	£m	£m
Assets purchased			
Tangible fixed assets	1.3	–	1.3
Stocks	4.5	(0.3)	4.2
Debtors	4.2	–	4.2
Total assets	10.0	(0.3)	9.7
Less liabilities assumed – creditors	(6.3)	(0.1)	(6.4)
Net operating assets acquired	3.7	(0.4)	3.3
Cash paid for acquisitions in 1994			7.7
Cash payable for acquisitions in 1994			0.2
Total cash paid and payable			7.9
***Goodwill written off arising from acquisitions**			4.6

The cumulative amount of goodwill written off to reserves in respect of continuing businesses since 1984 is £183.8 million.

In accordance with SSAP 20, for each currency, exchange translation adjustments arising from the translation of foreign currency borrowing used to finance foreign currency investments, have been offset as reserves movements against exchange translation adjustments arising on the retranslation of the net investment in that currency. In total, net exchange losses on foreign currency borrowings of **£0.1** million (1993 £0.5 million) have been taken to reserves.

24. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	1994	1993
	£m	£m
Operating profit	74.4	53.1
Add back reorganisation and redundancy costs	2.7	3.0
Operating profit before reorganisation and redundancy costs	77.1	56.1
Cash paid for reorganisation and redundancy	(2.6)	(3.4)
Depreciation charges	20.8	20.2
Profit on sale of tangible fixed assets	(2.8)	(0.5)
(Increase)/decrease in stocks	(33.4)	13.5
Increase in debtors	(23.3)	(13.1)
Increase in creditors	40.3	16.4
Exchange adjustment on current assets	(0.1)	(0.4)
Net cash inflow from operations	76.0	88.8

25. Net Interest

	1994	1993
	£m	£m
Interest received	1.5	1.1
Interest paid	(7.9)	(10.0)
Interest element of finance lease rentals	(0.9)	(1.5)
Net interest	(7.3)	(10.4)
Interest charge per profit and loss account	(7.3)	(10.1)
Movement in prepayments and accruals	–	(0.3)
Net interest	(7.3)	(10.4)

26. Investing Activities

	1994	1993
	£m	£m
Purchase of tangible fixed assets	(22.6)	(19.2)
Less purchased with finance leases (note 31)	0.4	1.1
Purchase of fixed assets for cash	(22.2)	(18.1)
Cash paid for acquisitions in		
previous periods	(1.7)	(0.7)
current period	(7.7)	(1.3)
Purchase of investments	–	(0.3)
Disposal of fixed assets	6.5	2.7
Disposal of investments	0.1	–
Cash received from disposal of businesses in:		
current period	–	0.4
previous periods	5.3	7.9
Cash flow re discontinued activities	(2.8)	(1.7)
Net cash outflow from investing activities	(22.5)	(11.1)

27. Movement in Financing

	1994	1993
Inflow/(outflow)	£m	£m
Issue of ordinary share capital	**4.9**	3.1
Finance lease repayments	**(2.6)**	(2.8)
Loans repaid	**(12.7)**	(18.8)
(Reduction)/increase in bills discounted	**(8.1)**	6.3
Movement in financing – cash outflow	**(18.5)**	(12.2)

Movement in financing represents changes in the Group's external financing and excludes the change in the net 3 month cash. Loans are borrowings repayable more than three months from the date of advance.

28. Analysis of Changes in Net 3 Month Cash during the Period

	1994	1993
	£m	£m
Net 3 month cash/(borrowings)		
– at beginning of period	**10.9**	(7.3)
– (decrease)/increase	**(10.1)**	18.2
– exchange adjustment	**0.1**	–
Net 3 month cash at end of period	**0.9**	10.9

Net 3 month cash is cash less borrowings repayable within three months from the date of advance and equates to cash or cash equivalents as defined in FRS1.

29. Analysis of Net 3 Month Cash in the Balance Sheet

	1994	1993	Change in period
Current period	£m	£m	£m
Bank borrowings due within one year (note 19)	**(26.2)**	(43.5)	17.3
Less current portion of long term loans	**1.5**	24.7	(23.2)
3 month borrowings	**(24.7)**	(18.8)	(5.9)
Cash at bank and in hand (note 19)	**25.6**	29.7	(4.1)
Net 3 month cash	**0.9**	10.9	(10.0)

	1993	1992	Change in period
Prior period	£m	£m	£m
Bank borrowings due within one year (note 19)	(43.5)	(50.2)	6.7
Less current portion of long term loans	24.7	13.6	11.1
3 month borrowings	(18.8)	(36.6)	17.8
Cash at bank and in hand (note 19)	29.7	29.3	0.4
Net 3 month cash/(borrowings)	10.9	(7.3)	18.2

30. Analysis of Changes in Financing during the Period

	Share capital and premium	Other borrowings	Finance lease obligations	Bills of exchange
Current period	£m	£m	£m	£m
Balance at beginning of period	66.1	76.3	14.9	8.3
Balance at end of period	(71.0)	(69.8)	(12.7)	(0.2)
Exchange translation adjustments	–	0.3	–	–
Finance lease contracts taken out (note 31)	–	–	0.4	–
Total	(4.9)	6.8	2.6	8.1
Cash flow included in net 3 months cash (note 29)	–	(5.9)	–	–
Cash (inflows)/outflows from financing (note 27)	(4.9)	12.7	2.6	8.1
Total	(4.9)	6.8	2.6	8.1
Prior period				
Balance at beginning of period	63.0	112.9	16.6	2.0
Balance at end of period	(66.1)	(76.3)	(14.9)	(8.3)
Finance lease contracts taken out (note 31)	–	–	1.1	–
Total	(3.1)	36.6	2.8	(6.3)
Cash flow included in net 3 month cash (note 29)	–	17.8	–	–
Cash (inflows)/outflows from financing (note 27)	(3.1)	18.8	2.8	(6.3)
Total	(3.1)	36.6	2.8	(6.3)

31. 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 **£0.4** million (1993 £1.1 million) (see note 26).

32. Disposals of Discontinued Operations

	1994	1993
Profit/(loss) on disposals of discontinued activities	£m	£m
Acquisition discount released	–	10.1
Loss on disposal	–	(4.3)
Total profit on disposals of discontinued operations	–	5.8

	1994	1993
Cash flow:	£m	£m
Cash received from disposals in previous periods	**5.3**	8.3
Costs of discontinued operations	**(2.8)**	(1.7)
Total cash flow	**2.5**	6.6

33. Stock Exchange – Related Party Transaction

On 10th February 1995, the Company acquired from Mr T H Elvy and Mr D Pollard, directors of Aquadart Limited (a Glynwed subsidiary) ("Aquadart"), the whole of the share capital of Aquadart not then owned by the Group. Prior to the acquisition, Messrs Elvy and Pollard owned 45.45% of Aquadart; the Company, through its wholly-owned subsidiary Leavlite plc, owned the remainder. A cash consideration of £950,000, divided equally between Mr Elvy and Mr Pollard, was paid for the minority interest.

34. Trading Subsidiaries

The following is a list of the Company's principal trading subsidiaries at 31st December 1994, 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 PRODUCTS DIVISION

Glynwed Consumer Products Limited† trading as:

Aga-Rayburn – manufacturer of high quality domestic multi-fuel cooking and heating appliances.
Falcon Catering Equipment – manufacturer of commercial catering equipment.
Flavel-Leisure – manufacturer of domestic cookers and gas fires.
Leisure – manufacturer of kitchen sinks and shower cubicles.
Wholesale Catering Equipment UK – distributor of commercial catering equipment.

- **Aga Cookers Inc** (USA) – distributor of Glynwed consumer products.
- **Glynwed Australia Pty Limited**† (Australia) – distributor of Glynwed consumer products.

■ FOUNDRY PRODUCTS DIVISION

Glynwed Foundry Products Limited† trading as:

Glynwed Foundries (Pipes & Fittings) – manufacturer of cast iron rainwater, soil and drainage products, in particular the Ensign and Timesaver ranges.
Glynwed Brickhouse (Covers & Gratings) – manufacturer of cast iron and steel fabricated access covers, gratings and street furniture.
Drainage Systems – UK distributor of drainage system products, in cast iron and other materials.
Glynwed BBI – exporter of all Glynwed Foundries and Glynwed Brickhouse products.

- **Cassart Special Products SA**† (Belgium) – distributor of iron and steel products for the building and construction industry.

■ METAL SERVICES DIVISION

Glynwed Metal Services Limited trading as:

Aalco – UK distributor of high performance metals.
Active Service Metals – regional distributor of high performance metals.
Amari Contract Services – supplier of 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.
Amari Transport Products – specialist supplier of aluminium for commercial vehicle building.
Cashmores – national stockholder and processor of stainless steel.
HUB Aluminium – distributor of aluminium tube and associated products.
CJA Stainless Steels – stainless steel distributor specialising in tube, bar and sections.
Slater Metals – regional distributor of high performance metals.
Baigent Stock Alloys – processor, by plasma profiling and abrasive sawing, of stainless steel sheet and plate, and stockist of stainless steel bar.

Amari Aerospace Limited – distributor of high performance metals.
Amari Metals Limited – specialist distributor of aluminium and its alloys in the UK.

- **Amari Dublin Limited** (Republic of Ireland) – specialist distributor of aluminium and its alloys.
- **Aalco SA** (Spain) – (99.9%) distributor of high performance metals.
- **Amari GmbH**† (Germany) trading as:
  Jera Metall – regional distributor of high performance metals in Southern Germany.
  LCK Metall – regional distributor of high performance metals in Northern Germany.
- **Amari Metals BV** (Holland) – specialist distributor of aluminium and high performance metals.
- **Günzler Aluminium GmbH**† (Germany) – specialist distributor of aluminium in Southern Germany and Austria.

■ PLASTICS DIVISION

Glynwed Plastics Limited trading as:

Capper P-C – UK distributor of thermoplastic pipework systems.
Durapipe – manufacturer of pressure pipework systems in PVC, ABS, polyethylene, polypropylene and other thermoplastic materials.
MCA-Calder – manufacturer, hirer and repairer of thermoplastic pipe jointing equipment.
Townsend Polymer Engineering – manufacturer of precision moulded rubber components.
Vulcathene – manufacturer of polyethylene and polypropylene chemical waste drainage systems, Gascoil electrofusion systems and injection mouldings.

- **Enfield Industrial Corp** (USA) – manufacturer and distributor of thermoplastic pipework systems.
- **FIP Formatura Iniezione Polimeri SpA**† (Italy) – manufacturer of thermoplastic pressure pipe fittings and valves. Also trades as Flowline Systems – flow metering equipment for pipelines.
- **Harrington Industrial Plastics Inc** (USA) – distributor of thermoplastic pipework systems.
- **Philmac Pty Limited** (Australia) – manufacturer of plastic fittings for application in water distribution and irrigation systems.
- **SAM Innoge** (Monaco) – manufacturer of polyethylene electrofusion systems.
- **SED Ventilsysteme GmbH** – specialist manufacturer of diaphragm valves.

Wilford Plastics (Holdings) plc† – UK distributor of plastic and rubber materials.

- **Amari Plastics plc** – UK distributor of plastic sheet and rod.
- **Port Plastics Inc** (USA) – distributor of plastic sheet.

34. Trading Subsidiaries (continued)

■ STEELS & ENGINEERING DIVISION

Glynwed Steels Limited trading as:
- Ductile Cold Mill – precision cold roller of steel strip.
- Ductile Hot Mill – hot roller of steel strip and flats.
- Ductile Steel Processors – steel coil picklers and slitters; supplier of chemical and mechanical laboratory testing services.
- Dudley Port Rolling Mills – hot roller of steel bars, flats and special sections.
- Firth Cleveland Steel Strip – manufacturer of high carbon, cold rolled, hardened and tempered steel strip.
- GB Steel Bar – manufacturer of cold finished, bright drawn, turned and ground carbon alloys and stainless steel.
- George Gadd & Co – hot roller of steel bars, flats and sections.
- JB & S Lees – specialist manufacturer of cold rolled steel strip and producer of bi-metal steel strip for metal cutting band-saws and power hacksaws.
- Longmore Brothers – manufacturer of 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.
- Midland Engineering Steels – hot rolled steel stockholders and bright turned steel suppliers.
- Stourbridge Rolling Mills – precision cold roller of steel strip.
- W Wesson – manufacturer of hot rolled steel strip, flats and bars; cold rolled steel strip; bright drawn wire; bright machined edge flats and bright machined squares.

* **Firth Cleveland Steels Inc** (USA) – distributor of steel strip.
* **JB & S Lees Inc** (USA) – distributor of steel strip.

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

Paul Fabrications Limited – manufacturer of precision components and fabrications.

Glynwed Steel Tubes Limited trading as:
- Monmore Tubes – manufacturer of welded steel tube and coated steel tube.
- Newman-Tipper Tubes – manufacturer of ERW, slotted, cold drawn seamless, sculptured, plastic coated and heat treated tube.
- HUB – stockist of welded and seamless steel tube.
- London Steel Tube Mills – manufacturer of precision/mechanical welded steel tube.

* **Columbia International Inc** (Canada) – manufacturer of metallic and non-metallic electric conduit accessories and fittings, and distributor of electric roughing-in products and power and communication ducts.

■ TUBES & FITTINGS DIVISION

Glynwed Tubes & Fittings Limited trading as:
- Albion – manufacturer of domestic hot water cylinders and storage systems.
- Wednesbury Tube – manufacturer of domestic water, plastic-coated, engineering and medical copper pipe.

■ OTHER OPERATIONS

Leavlite Group, consisting of:

Adeptal Systems Limited – fabricator of IsoSystems window and door systems.
* **API Timbron SA** (Belgium) – extruder of plastic materials for the building industry.
* **Aquadart Limited** – (54.55%) shower screen manufacturer.
* **Dimatsystèmes SA** (France) – fabricator of replacement window and door systems.
* **Ford & Barley Exhibitions Limited** – (75%) exhibition stand designer and constructor.
* **Leavlite Electropaint Limited** – processor and finisher of metal and plastic extrusions.
Metoxal U.K. Limited – specialist colour coater for aluminium extrusions.
Timbron Limited – manufacturer of Timbron, a polystyrene-based substitute for timber.
Aquadart Shower Trays Limited† – (27.7%) shower tray manufacturer.

■ 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 development.
* **Headland Insurance Limited** (Bermuda) – insurance services.
* **Glynwed Dublin Corp** (Republic of Ireland) – debt factoring.

■ PRINCIPAL HOLDING COMPANIES

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

* Investment held by a subsidiary of Glynwed International plc.
† Subsidiary companies not audited by Coopers & Lybrand. The aggregate turnover of subsidiaries not audited by Coopers & Lybrand amounted to 22.7% of the Group's turnover.

directors' responsibilities

The following statement, which should be read in conjunction with the auditors' responsibilities set out on the opposite page, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 34 to 61, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company and the Group maintain accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

auditors' report

To the members of Glynwed International plc

We have audited the financial statements on pages 34 to 61.

Respective responsibilities of directors and auditors

As described on page 62 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1994 and of the profit, total recognised gains and cash flow of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Birmingham
14th March 1995

ten year financial record

		1994	1993	1992	1991	199
		£m	£m	£m	£m	£
Trading results						
Turnover		**1,024.9**	965.8	908.3	987.3	1,103.
Profit before interest		**74.4**	55.6	42.9	29.7	82.
Interest payable (net)		**(7.3)**	(10.1)	(12.0)	(17.3)	(18.
Profit before taxation		**67.1**	45.5	30.9	12.4	63.
Taxation		**(22.6)**	(14.6)	(11.8)	(6.3)	(23.
Profit after taxation		**44.5**	30.9	19.1	6.1	40.
Equity Minority interests		**(0.1)**	(0.1)	(0.1)	2.7	0.
Preference dividends		**(0.1)**	(0.1)	(0.1)	(0.1)	(0.
Earnings for the period		**44.3**	30.7	18.9	8.7	40.
Ordinary dividends		**(25.6)**	(24.1)	(24.0)	(24.0)	(23.
Profit retained/(transfer from reserves)		**18.7**	6.6	(5.1)	(15.3)	17.
Operating assets						
Fixed assets		**174.0**	175.1	179.6	185.4	190.
Stocks		**174.7**	137.1	159.0	157.6	208.
Debtors less creditors		**(32.7)**	(13.3)	(7.3)	(5.8)	(26.
Taxation and dividends		**(34.4)**	(23.7)	(21.9)	(19.0)	(38.
Pension provision		**(1.7)**	(1.7)	(0.9)	–	
Net operating assets		**279.9**	273.5	308.5	318.2	333.
Total net borrowings		**(57.1)**	(69.8)	(102.2)	(107.6)	(108
Deferred taxation		**–**	–	–	–	
Total net assets employed		**222.8**	203.7	206.3	210.6	224
Financed by:						
Ordinary shares		**52.1**	51.7	51.4	51.4	51
Reserves		**168.5**	149.9	152.9	155.9	169
Ordinary share capital and reserves		**220.6**	201.6	204.3	207.3	220
Preference shares		**1.3**	1.3	1.3	1.3	1
Equity Minority interests		**0.9**	0.8	0.7	2.0	2
Total funds		**222.8**	203.7	206.3	210.6	224
Net increase/(decrease) of funds arising from property revaluations		**–**	–	–	–	29
Statistics						
Profit before interest to turnover	%	**7.3**	5.8	4.7	3.0	7
Turnover to average net operating assets	x	**3.8**	3.2	2.9	2.8	3
Profit before interest to average net operating assets	%	**27.3**	18.5	13.8	8.5	23
Interest cover	x	**10.2**	5.5	3.6	1.7	4
Debt/equity ratio	%	**25.6**	34.3	49.5	51.1	48
Net assets per ordinary share	p	**105.8**	97.5	99.4	102.5	109
Dividend per ordinary share	p	**12.25**	11.65	11.65	11.65	11.
Dividend cover	x	**1.7**	1.3	0.8	0.4	1
Earnings per share – net basis	p	**21.34**	14.91	9.20	4.24	20.
– IIMR	p	**19.94**	13.70	10.32		

		1989	1988	1987	1986	1985
		£m	£m	£m	£m	£m
Trading results						
Turnover		1,126.6	839.8	556.2	478.9	464.1
Profit before interest		101.8	88.0	60.6	44.0	36.1
Interest payable (net)		(13.0)	(5.5)	(2.7)	(3.0)	(4.0)
Profit before taxation		88.8	82.5	57.9	41.0	32.1
Taxation		(31.3)	(28.4)	(20.5)	(14.8)	(11.1)
Profit after taxation		57.5	54.1	37.4	26.2	21.0
Equity Minority interests		0.5	(0.2)	(0.1)	–	–
Preference dividends		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Earnings for the period		57.9	53.8	37.2	26.1	20.9
Ordinary dividends		(23.8)	(19.8)	(13.8)	(11.3)	(8.8)
Profit retained/(transfer from reserves)		34.1	34.0	23.4	14.8	12.1
Operating assets						
Fixed assets		153.8	126.7	90.5	84.1	79.3
Stocks		206.7	185.6	108.9	86.8	86.1
Debtors less creditors		(13.5)	(12.6)	(2.8)	7.9	3.6
Taxation and dividends		(60.5)	(54.0)	(36.5)	(31.8)	(23.0)
Pension provision		–	–	–	–	–
Net operating assets		286.5	245.7	160.1	147.0	146.0
Total net borrowings		(102.5)	(59.5)	(16.1)	(15.8)	(23.5)
Deferred taxation		–	–	–	(1.3)	(3.2)
Total net assets employed		184.0	186.2	144.0	129.9	119.3
Financed by:						
Ordinary shares		51.0	50.9	28.5	27.9	20.9
Reserves		129.3	131.9	113.7	100.6	97.0
Ordinary share capital and reserves		180.3	182.8	142.2	128.5	117.9
Preference shares		1.3	1.3	1.3	1.3	1.3
Equity Minority interests		2.4	2.1	0.5	0.1	0.1
Total funds		184.0	186.2	144.0	129.9	119.3
Net increase/(decrease) of funds arising from property revaluations		–	0.6	–	–	(5.9)
Statistics						
Profit before interest to turnover	%	9.0	10.5	10.9	9.2	7.8
Turnover to average net operating assets	x	4.2	4.0	3.6	3.1	2.8
Profit before interest to average net operating assets	%	38.0	41.6	38.9	28.6	21.9
Interest cover	x	7.8	16.0	22.4	14.7	9.0
Debt/equity ratio	%	55.7	32.0	11.2	12.2	19.7
Net assets per ordinary share	p	88.4	89.7	83.1	76.7	75.1
Dividend per ordinary share	p	11.65	9.70	8.08	6.73	5.60
Dividend cover	x	2.4	2.7	2.7	2.3	2.4
Earnings per share – net basis	p	28.40	28.81	22.12	15.97	13.29

notice of meeting

Notice is hereby given that the fifty-fourth annual general meeting of Glynwed International public limited company will be held at **Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ, on 4th May 1995 at 12 noon** to transact the following ordinary business:

1. To receive and adopt the annual report and accounts for the 53 weeks ended 31st December 1994.

2. To declare a final dividend.

3. To re-elect Mr JD Eccles as a director.

4. To re-elect Mr B Doyle as a director.

5. To re-appoint the auditors and to authorise the directors to determine the auditors' remuneration.

6. To consider the following resolution which will be proposed as an ordinary resolution:
   That the authority conferred on the directors by Article 4(B) of the Company's Articles of Association be renewed for the period expiring on the earlier of the date 15 months after the passing of this resolution and the conclusion of the next annual general meeting of the Company following the passing of this resolution and for that period the "section 80 amount" is £17,385,332.

7. Subject to the passing of the foregoing resolution no. 6, to consider the following resolution which will be proposed as a special resolution:
   That the power conferred on the directors by Article 4(C) of the Company's Articles of Association be renewed for the period expiring on the earlier of the date 15 months after the passing of this resolution and the conclusion of the next annual general meeting of the Company following the passing of this resolution and for that period the "section 89 amount" is £2,607,800.

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.

Ian Shearman

By order of the Board
Ian Shearman
Secretary
Birmingham
7th April 1995

NOTES

1 A form of proxy is enclosed for the use of shareholders. 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 (unless expiring or determinable by the Company within one year without payment of compensation) will be available for inspection at the Company's registered office between 9.00am and 4.30pm on any weekday (Saturdays 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.

3 An explanation of resolutions nos. 6 and 7 is set out in the Report of the Directors on page 28 under the heading "Capital of the Company".

1995 financial calendar

Annual general meeting	4th May
Final ordinary dividend payable	2nd June
Half-year end	1st July
Interim ordinary dividend payable	6th December
Preference dividend payable	30th June, 31st December
1995 year end	30th December

■ INTEREST PAYMENTS

10.75% Unsecured Loan Stock 1994/99	
– interest	31st March, 1st May
– redemption	1st May

■ HEAD OFFICE AND REGISTERED OFFICE

Headland House, 54 New Coventry Road
Sheldon, Birmingham B26 3AZ
Telephone: 0121-742 2366
Fax: 0121-742 0403
Registered in England No. 354715

■ REGISTRARS

Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0181-650 4866
Fax: 0181-658 3430

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