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Financial Highlights

	1980 £000	1979 £000
Turnover	356,169	345,521
Trading profit	22,062	23,296
Share of profits of associated companies	134	80
Interest charges	6,068	4,701
Group profit before taxation	16,128	18,675
Group profit attributable to ordinary shareholders	8,337	11,083
Ordinary dividends	4,798	5,974
Group profit retained	3,539	5,109
Operating assets employed	124,691	120,882
Capital expenditure on fixed assets	8,092	9,001
Depreciation	6,088	4,904
Earnings per ordinary share — net basis	16.21p	19.33p
— nil distribution basis	19.91p	19.33p
Dividends per ordinary share	7.35p	9.15p

Results and dividends

The effects of the recession on the United Kingdom manufacturing industry are inevitably reflected in the results for 1980 and group profit before taxation amounted to £16.128 million, a reduction of £2.547 million from the previous year. After deducting taxation, minority interests, and after extraordinary items of approximately £2.2 million, the amount attributable to ordinary shareholders for the year is £8.337 million compared with £11.083 million in 1979. In the light of these figures and having regard to the continuing difficult economic conditions, your directors have decided to recommend a final dividend of 4.90 pence per share, which together with the interim dividend makes a total of 7.35 pence per share for the year compared with 9.15 pence per share for 1979.

In considering the question of the final dividend your directors have also taken into account the need to retain cash in the group in order to help sustain both the capital expenditure programme for 1981 and to continue with the policy of overseas investment which began some two years ago.

Last year I expressed the hope that the extraordinary items representing principally the costs of the continuing rationalisation of the group were coming to an end, and there is little doubt that these actions in earlier years enabled us to withstand some of the blows of 1980. However, the recession was so severe that we were forced to make further closures and redundancies during the year.

The year's activities

Shareholders will be aware of the increased emphasis on overseas investments by the group and these have proved invaluable in sustaining at least a reasonable level of profit during 1980. In particular, our South African company had a buoyant year, and the Pandjiris Weldment Company which was acquired in June 1980 and Bremen Steel both made a good contribution to the group profit. The French subsidiary suffered as a result of a recession in the automobile industry not dissimilar to that in the United Kingdom and produced little profit. However, we remain confident in the future of this company.

In the United Kingdom, in common with many other engineering groups, we have had our share of difficulties, although there were several reasonably good performances during the year; in particular The Wednesbury Tube Company regained its market share from imports albeit in a reduced total level of demand and the foundries division more than maintained the improvement which was beginning to show at the end of 1979. It is worth mentioning that the latter division obtained an export order of over £6 million from Iraq.

In other areas we suffered the inevitable effects of reduced demand and short-time working; the steel and steel stockholding divisions after a short recovery following the steel strike, began to feel the real impact of the recession and of the now well-known difficulties in that industry. Glynwed Integrated Services also ran into problems with losses on contracts of approximately £1.3 million. As a result a decision was made to close down the main contracting unit, TB Mechanical Services, and this is reflected in a provision of a further £1.1 million included in extraordinary items.

Acquisitions

As already indicated we acquired in June 1980 at a cost of US \$7.6 million (£3.2 million) the Pandjiris Weldment Company, manufacturers of welding positioning equipment. In the United Kingdom we acquired Townsend Rubber Products Ltd., makers of precision rubber mouldings, for approximately £1 million.

General

At this time last year I indicated that we did not see any real effects of the attempts to control the money supply but there is no doubt that in the second half of 1980 and the beginning of the current year Government policies have bitten very deeply into the United Kingdom manufacturing industry. Shareholders will be aware of attempts by the CBI and others to represent to the Government the damage which is being caused to this particular sector of business activity and there can be no doubt that there is now an awareness in Government circles of the difficulties under which we are having to operate. There is so far little

sign of any efforts to restore even a modest level of demand in the market. Allied to this we have also been affected by the higher level in the value of sterling which I fear is almost inevitable having regard to the country's oil surplus but which is making competition from imports very difficult to withstand in some of our areas. Despite this overall pressure I am convinced that Glynwed will come through with most of its major activities unharmed but it is painful to report redundancies during 1980 of 2,200 of our work force, with further short-time working through much of the second half of the year.

Prospects

It is difficult to forecast the end of the recession although many commentators point to the end of the third or fourth quarter of this year. There are many factors which will impede us on the road to recovery but with the continuing programme of overseas investments and with a good start to the year in South Africa, I am hopeful that 1981 will produce satisfactory results for the shareholders.

Acknowledgments

During the year we lost the services of Sir William Barlow who resigned as a non executive director. During the short time he was with us we benefited greatly from his knowledge and experience and we miss his contribution at board level.

Since the end of the year Mr. M.A. Hastlow has also retired from the board but we shall continue to have the benefit of his services in a consultancy capacity for some time. Since joining the group in 1964 he has been particularly connected with the affairs of The Wednesbury Tube Company, and I am pleased to record my appreciation for his efforts in that regard.

It is customary on this occasion to acknowledge the debt owed by the main board for the support and help they have received from all people in the group and it is certainly true that in 1980 we have lived some very difficult days together. We are most appreciative of all their efforts and understanding during 1980.

Leslie Fletcher



Summary of Comparative Figures

		1980 £000	1979 £000	1978 £000	1977 £000	1976 £000
Trading results	Turnover	356,169	345,521	316,437	285,440	243,032
	Trading profit	22,062	23,296	19,978	16,559	18,088
	Share of profits of associated companies	134	80			
	Interest charges	(6,068)	(4,701)	(3,898)	(3,532)	(3,462)
	Group profit before taxation	16,128	18,675	16,080	13,027	14,626
	Taxation	4,255	5,536	4,334	3,954	7,596
	Group profit after taxation	11,873	13,139	11,746	9,073	7,030
	Minority interests	1,217	452	91	47	224
	Extraordinary items	2,249	1,534	727	680	590
	Preference dividends	70	70	70	70	73
	Ordinary dividends	4,798	5,974	5,975	5,263	4,537
	Profit retained	3,539	5,109	4,885	3,013	1,606
Assets employed	Fixed assets	43,638	41,996	36,552	35,192	34,713
	Investments	1,377	1,390	1,068	1,071	1,086
	Stocks and work in progress	77,868	80,419	66,486	65,142	58,629
	Debtors less creditors	10,962	8,412	11,538	12,181	10,634
	Net trading assets	133,845	132,217	115,644	113,586	105,062
	Current taxation and proposed dividend	9,154	11,335	10,592	9,042	8,865
	Operating assets employed	124,691	120,882	105,052	104,544	96,197
	Bank overdrafts and other short term borrowings (net)	14,724	15,572	7,801	15,615	14,486
	Total net assets	109,967	105,310	97,251	88,929	81,711
Financed by	Ordinary shares	16,323	16,322	16,320	16,205	15,565
	Reserves	52,346	51,765	47,559	43,067	30,813
	Ordinary share capital and reserves	68,669	68,087	63,879	59,272	46,378
	Preference shares	1,291	1,291	1,291	1,291	1,291
	Total share capital and reserves	69,960	69,378	65,170	60,563	47,669
	Medium and long term indebtedness	34,018	29,254	24,532	20,974	16,582
	Deferred taxation	1,407	3,308	3,857	6,322	15,699
	Minority interests	4,582	3,370	3,682	1,070	1,661
	Total funds	109,967	105,310	97,251	88,929	81,711
Statistics	Trading profit to turnover	% 6.2	6.7	6.3	5.8	7.4
	Trading profit to operating assets employed	% 17.7	19.3	19.0	15.8	18.8
	Turnover to operating assets employed	X 2.9	2.9	3.0	2.7	2.5
	Earnings per share — net basis (see note) p	16.2	19.3	17.8	13.9	11.9
	Ordinary dividend per share (see note)	p 7.3	9.1	9.1	8.2	7.4
	Dividend cover	X 2.2	2.1	1.9	1.7	1.5
	Net assets per ordinary share	p 105.2	104.3	97.9	91.5	74.5

Note:

Deferred taxation for the year 1976 has not been recalculated on the basis of the accounting policy set out on page 25.

Glynwed Limited

President

WGA Russell FCA

Executive directors

L Fletcher DSC FCA *Chairman*

G Davies FCA *Deputy Chairman
and Group Managing Director*

W Garner

JM Hill

DL Milne CA

FCW Whitehouse

Non executive directors

JD Eccles *Vice-chairman*

Sir Denis Barnes KCB

Secretary

JC Blakeley MA

Auditors

Coopers & Lybrand

Chartered Accountants, Birmingham

Bankers

Midland Bank Limited

Lloyds Bank Limited

National Westminster Bank Limited

J. Henry Schroder Wagg & Co Limited

Standard Chartered Bank Limited

Registrars

Midland Bank Limited

Registrar's Department

Courtwood House

Silver Street Head

Sheffield S1 3RD

Head Office and Registered Office

Headland House

New Coventry Road

Sheldon, Birmingham B26 3AZ

Telephone: 021-742 2366

Subsidiaries — principal executive officers

Building and Consumer Products

JM Hill *Chief Executive*

Glynwed Tubes & Fittings Ltd

T O'Neill *Chief Executive*

Glynwed Appliances Ltd

Dr J Furby *Managing Director*

Glynwed Integrated Services Ltd

and Director Central Resources Unit

Steel and Engineering

W Garner *Chief Executive*

Glynwed Steels Ltd

DW Richardson *Chief Executive*

Glynwed Screws & Fastenings Ltd

Stockholding and Distribution

E Tunnadine *Chief Executive*

Glynwed Steel Stockholding Ltd

FCW Whitehouse *Chief Executive*

Glynwed Distribution Ltd

Other Divisions and Trading Companies

BJ Moulton *Managing Director*

Glynwed Plastics Ltd

Overseas Operations

RG Newby *Managing Director*

Defy Industries (Pty) Ltd (South Africa)

Corporate Services

WP Evans *Director of*

Personnel and Corporate Relations

RV Lawry *Managing Director*

Glynwed Overseas Ltd

Report of the Directors

The Directors of Glynwed Limited present their annual report, together with the accounts of the company for the 52 weeks ended 27th December 1980. These will be submitted to the members at the annual general meeting to be held at Headland House, New Coventry Road, Sheldon, Birmingham, at 3 o'clock in the afternoon on Thursday, 21st May 1981.

minimum lending rates as high as 17%.

In the UK nearly all the industries of particular interest to Glynwed experienced falls in output. Total construction output fell by 6% with housebuilding again sharply lower with 30% fewer housing starts than in 1979 which itself was the lowest total for many years. By contrast, repair, maintenance and improvement expenditure appeared to be steady.

Deliveries of finished steel fell by 25%, and with increased imports, UK production of steel was reduced even further. Car and commercial vehicle production fell by 14% and 6% respectively, while mechanical engineering output was down by 6%.

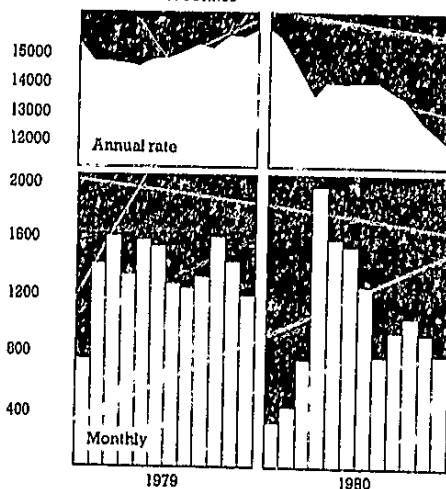
The position for Glynwed's overseas operations was quite different; only in France were there similar difficulties. The southern and south-eastern states of the USA were outperforming the rest of the country, and there was real growth in 1980. The South African economic growth of 8% was more rapid than any other large economy. There was very heavy demand for building products and consumer durables which Glynwed manufactures in South Africa.

Economic Background

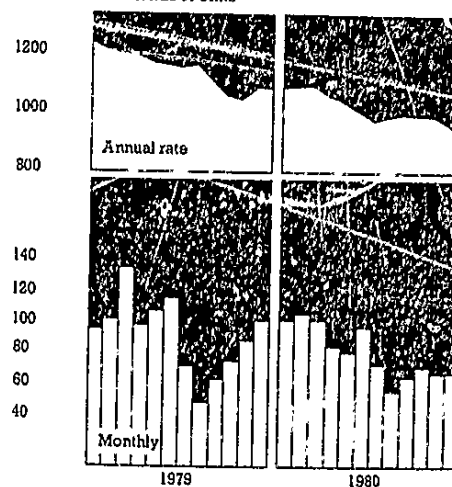
Worldwide economic activity rose more slowly in 1980 than in previous years. The United States experienced recessionary conditions while the European economies reacted later with the UK the worst affected. Oil price rises and higher levels of general inflation caused many governments to operate tight monetary policies and so postpone recovery.

Output in the UK fell rapidly and continuously throughout the year. The first three months were dominated by the steel strike, which spread into the private sector. The effects of the recession were concentrated principally in manufacturing industry and were associated with intensive destocking. Difficulties experienced by manufacturing companies were compounded by very high inflation and

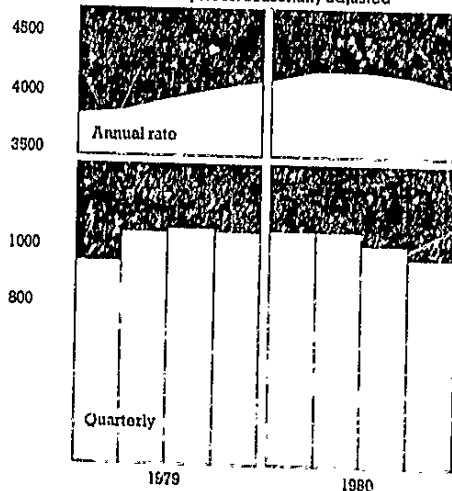
UK Net Finished Steel Deliveries
Thousands of Tonnes



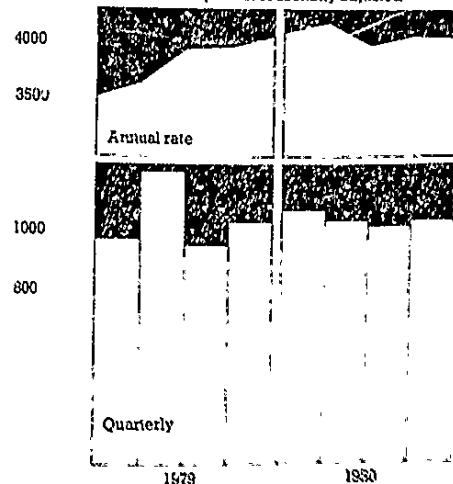
UK Passenger Car Production
Thousands of Units



Construction Expenditure: Repair,
Maintenance and Improvement
£ million: 1975 prices, seasonally adjusted



UK Consumers' Expenditure-Durable
Household Goods
£ million: 1975 prices, seasonally adjusted



Group Results

The group results reported for 1980 are for the 52 weeks ended 27th December, 1980 (1979 52 weeks). The detailed accounts and notes are set out in "The Accounts" section on pages 19 to 35.

In 1980, group sales amounted to **£356.2 million** compared with **£345.5 million** in 1979, an increase of 3.1%. The effects of the recession throughout the year were reflected in a decline of sales from UK operations from **£295.5 million** in 1979 to **£272.1 million** in 1980, but this was counter-balanced by a substantial increase in sales from overseas operations. The policy of opening up more overseas markets continued and exports from the UK increased from **£14 million** in 1979 to **£16 million**, an increase of 14%.

The trading profit before interest for the year amounted to **£22.062 million** (1979 **£23.296 million**), which represented a return on operating assets employed of **17.7%** (1979 **19.3%**). The group's share of profits arising from associated companies has been introduced and amounted to **£0.134 million** (1979 **£0.080 million**).

Interest charges of **£6.068 million**, an increase of **£1.367 million**, reflected increased total net borrowings of **£3.916 million** and higher interest rates which prevailed throughout 1980. The group profit before tax was **£16.128 million** (1979 **£18.675 million**). Turnover and profit by sub-groups are shown under "Principal activities" on page 8. The charge for taxation was **£4.255 million** being 26.4% of the profit after interest. Of this amount **£2.410 million** is advance corporation tax not immediately recoverable but which will be available to set against future corporation tax liabilities.

The net charge for the year for extraordinary items was **£2.249 million** (1979 **£1.534 million**) which related to termination costs of discontinued activities.

Group profit after minority interests and extraordinary items amounted to **£8.407 million** (1979 **£11.153 million**). After charging preference and proposed ordinary dividends, profit retained for the year was **£3.539 million** (1979 **£5.109 million**).

Finance and Working Capital

On page 20 a statement, which forms part of the accounts, sets out the sources of the group's funds and how they were applied. The ratio of current assets to current liabilities stood at **1.8** compared to **1.6** at 29th December, 1979. Working capital was **£64.952 million** (1979 **£61.924 million**) representing **59.1%** (1979 **58.8%**) of the total net assets.

During the year total net borrowings increased by **£3.916 million**. Net liquid funds (bank and cash balances, bank overdrafts and short term borrowings) decreased by **£0.848 million**, and medium and long term indebtedness increased by **£4.764**

million from **£29.254 million** to **£34.018 million**. Full details of loan capital and borrowed money are shown in note 19 on page 30. The debt/equity ratio was **65.4%** (1979 **61.6%**). During the year capital expenditure on fixed assets amounted to **£8.092 million** (1979 **£9.001 million**) and the purchase of businesses for cash amounted to **£4.698 million**.

Operating and financial statistics for the past five years are set out in the "Summary of Comparative Figures" on page 4.

Ordinary Dividend

A final dividend of **4.90p** on the ordinary shares, which the annual general meeting will be asked to approve, is payable on 2nd July, 1981. This together with the interim dividend of **2.45p** per share gives a total dividend of **7.35p** per share.

Inflation Accounting

The group consolidated current cost accounts are shown on pages 34 and 35 and conform to the requirements set out in SSAP No. 16 issued by the Accounting Standards Committee.

Report of the Directors

Principal activities

Turnover and profit by sub-group

	Turnover		Profit	
	1980 £000	1979 £000	1980 £000	1979 £000
United Kingdom operations				
Building and consumer products	111,111	117,355	5,804	9,093
Steel and engineering	78,880	87,884	4,908	7,359
Stockholding and distribution	73,746	81,220	1,325	3,737
Other divisions and trading companies	8,393	9,022	57	(512)
Total UK operations	272,130	295,481	12,094	19,677
Overseas operations				
Household and industrial appliances	70,597	45,911	8,485	3,193
Steel and engineering	13,442	4,129	1,483	426
Total overseas operations	84,039	50,040	9,968	3,619
Total turnover and trading profit	356,169	345,521	22,062	23,296

Turnover by geographical area

	1980		1979	
	£000	%	£000	%
Southern Africa	71,487	20.1	46,055	13.3
Europe	11,633	3.3	7,464	2.2
Middle East	6,854	1.9	3,834	1.1
Asia and Australasia	1,822	0.5	3,115	0.9
North and South America	8,726	2.4	3,569	1.0
Total overseas	100,522	28.2	64,037	18.6
United Kingdom	255,647	71.8	281,484	81.5
Total turnover	356,169	100.0	345,521	100.0

Exports

Sales value of direct exports from the United Kingdom during the year was **£16 million** (1979 £14 million).

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

BUILDING AND CONSUMER PRODUCTS

Glynwed Tubes & Fittings Ltd

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

Coventry Tubes Permatube
welded stainless steel and nickel alloy tubes

Vulcathene
chemical waste drainage systems and fabrications
brass laboratory fittings
injection mouldings and vacuum forming

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

William Embley
machined or unmachined sand and shell moulded castings and hot brass pressings, pattern equipment and tools, reproduction brassware, non-ferrous scrap merchants

Pioneer Castings (Willenhall)
sand castings and reproduction brassware

Southern Appliances (Bridport)
foundry equipment manufacturers

W & R J Plant (Engineers)
machinists

Glynwed Plant
plant and toolmaker

The level of demand for the division's products in 1979 was not maintained in 1980 due to depressed market conditions in the UK which, inevitably, led to redundancies.

Imports of copper tube and fittings fell by half during the year, although to safeguard the company's position further reductions are vital. There was a slight increase in exports.

Curtailment of sales promotion expenditure by the Gas Corporation contributed to a significant fall in demand for central heating installations, which affected the division's main activities.

During the year the company acquired 100% interests in Pioneer Castings, Southern Appliances and W & R J Plant, and in addition, Glynwed Plant joined the division.

The results from the division's plastics, castings and stainless steel activities suffered from a decline in orders, but the Dutch interests showed an improvement on 1979.

Cash flow during 1980 was assisted by copper prices, which opened the year at just under £1,000 per tonne and closed at just over £800 per tonne.

BUILDING AND CONSUMER PRODUCTS

Glynwed Bathroom & Kitchen Products Ltd

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

Leisure Kitchen Products
kitchen sinks
vanity basins and shower cubicles

Glynwed Eurotrade BV
stockists and distributors of divisional and other group products

Demand during the first quarter of 1980 for the division's products was similar to that of the same period in 1979. However, the recession in the UK, and in particular in the building industry, severely affected market volumes for the remainder of the year, although the company's market share was maintained and, in some areas, improved.

Continued efforts were made in overseas markets, where price levels remained extremely competitive due to the high level of inflation in the UK and the strength of sterling.

Severe competition in the acrylic bath market necessitated the closure of the Vogue (West Bromwich) plant and the withdrawal of this product from the UK market. All bath production has now been centred on the Vogue (Bilston) site.

The Leisure manufacturing facilities have also now been consolidated on to one site.

During the year production levels were matched to market demands by reductions in the working week and manning levels. This was achieved with the co-operation and continued support of the workforce.

**BUILDING AND CONSUMER
PRODUCTS**

Glynwed Appliances Ltd

Aga-Rayburn

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

Falcon Catering
Catering equipment

Flavel-Leisure

Flavel gas cookers and fires,
Leisure gas cookers and fires

The significant feature of 1980 was the swift and substantial fall-off in sales of most domestic appliances. Leisure cookers were the worst affected within the division and ended the year with sales 35% below 1979 levels and incurred serious losses.

Leisure Domestic factory at Audenshaw (Manchester) was closed at the end of the year with substantial trading losses.

Flavel also suffered from low demand for its products but as a result of severe cost cutting the company performed better than the market generally and produced a small profit.

Sales of Aga and Rayburn cookers were also hit by the recession, principally in the stagnant market for housing. Although Aga sales were fewer than in 1979, Rayburn were 1,500 units ahead of the previous year.

Rayburn room heater production was disrupted by a relocation of manufacturing facilities, but this was minimised because of the low market requirements.

Lack of investment in UK industry seriously affected the company's plans for its industrial/commercial boiler business which was transferred from the Planet Works at Audenshaw to another Glynwed division.

Throughout 1980 the consolidation of manufacturing operations in Scotland continued, and at the end of the year was virtually completed, with Falcon Catering a single-site operation. Sales of Falcon products were on budget while profits were ahead of target.

**BUILDING AND CONSUMER
PRODUCTS**

Glynwed Integrated Services Ltd

Steelway

steel flooring, steel stairways
steel hand rails, steel fabrications

Steelfab Pipes & Vessels

fabrication of pipework
fabrication of pressure vessels

TB Mechanical Services

heating, ventilating, air conditioning and engineering contracting

Dalcon Joinery

contract joinery, building services

The results of Glynwed Integrated Services Ltd for 1980 were disappointing. Turnover, despite falling order books, was very similar to that of 1979, but profit levels were sharply reduced.

Performance at Steelway was excellent, the company achieving its targets in every respect.

At Steelfab Pipes & Vessels a greater proportion of the work was in pressure vessels for the petrochemical and oil industries and the company was looking to extend its activities in these fields. However, depressed UK demand led to reduced orders for pipework. Improvements in factory organisation greatly increased the company's competitiveness, particularly for overseas pressure vessel work, and the company's product range was considerably expanded.

TB Mechanical Services has for several years undertaken mechanical service contracts of two to three years duration. Following protracted reviews of current and future workloads it has been established that these will result in substantial losses. It has therefore been decided to phase out the company's operations.

The sad and untimely death of the managing director of Dalcon Joinery necessitated a re-structuring of the company. Several contracts were completed during the year which sustained substantial losses. However, the company now has a potentially profitable order book.

STEEL AND ENGINEERING

Glynwed Steels Ltd

George Gadd & Co
re-rollers of hot rolled steel
carbon and alloys

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

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

Joseph Gillott & Sons
re-rollers of hot rolled steel, carbon and alloys

Stourbridge Rolling Mills
cold rolled strip

The slump in the steel industry during 1980 was worse than any other recession in the industry in recent years. Steels division was adversely affected in all areas with the hot rolling mills operating at less than 50% of 1979 levels.

The steel strike in the private sector at the start of 1980 resulted in a massive flow of imports throughout the year. Steel users who were previously customers of the United Kingdom steel industry continued to buy from abroad at prices British companies were unable to match.

Due to the low level of demand, heavy redundancies were implemented.

Historically, the division had successfully exported products to many countries, but due to the strength of sterling and the slackening in world demand, sales overseas were reduced.

During the year the division's management was re-structured and strengthened and with the entire administration slimmed down, the division is in good shape for the future.

The only major expenditure during the period was at Joseph Gillott where the 10" hot rolling mill was modernised. Although inhibited by the steel strike the company recorded good results.

Despite extremely difficult trading the steels division remained in profit but at a much lower level than in previous years.

STEEL AND ENGINEERING

Glynwed Screws & Fastenings Ltd

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

Yarwood Ingram & Co
bright and high tensile studs and 'U' bolts

Wask Engineering
steel and malleable iron pipe fittings
malleable iron castings

Tower Manufacturing
semi tubular rivets
masonry nails and cable clips

Paul Fabrications
precision welding and fabrication of sheet metal
for high technology industries

Cooper & Turner
high strength friction grip bolts, load indicator
washers, rivets, split cotter pins, railway, mining
and construction bolts, standard and high tensile
bolts and nuts

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

Cooper & Turner Inc
distributors of load indicator washers

La Dauphinoise SA
fastenings, eyelets, rivets, push button fastenings

Dauphinoise-Thomson SA
thermostats

The year was the most difficult trading period since the formation of the division. The aftermath of the engineering industry dispute followed by the steel strike substantially affected the first half results. During this time the division's share of some important markets was reduced by importers who were able to take advantage of the inability to supply components, particularly in the fastener field.

Long term rationalisation plans which would have been achieved over a period of time were brought forward and culminated in 400 redundancies, as well as the closure of two manufacturing locations, two warehouses and a heat treatment facility.

Because of these early actions the division probably fared better than many of its competitors who, by the end of the year, had announced a number of significant closures.

Tower Manufacturing, Paul Fabrications and Yarwood Ingram achieved relatively good results as the economic situation did not decisively affect trading until the last quarter.

Overseas, Cooper & Turner Inc. continued to grow, increasing its penetration of the U.S. market, while La Dauphinoise SA and Dauphinoise Thomson SA of France started the year well but fell away in the last quarter, as the impact of world recession had its effect.

STEEL AND ENGINEERING

Glynwed Foundries Ltd

Building Products Division

Sinclair Iron Works

cast iron rainwater, soil and drainage pipes and fittings

South Bank Iron Works

cast iron drainage products

Automotive & Engineering Castings Division

Coalbrookdale Works

engineering castings
automotive castings
decorative castings

Skipton Works

mechanical engineering castings

Building Products Division

The full benefits of the company's reorganisation in 1979 were obtained in 1980 and despite difficult trading conditions the overall performance was improved. Due to the general economic climate and reductions in public expenditure, UK demand was reduced but this was more than offset by a significant increase in export orders.

The "Timesaver" soil system continued to increase its market share and was outselling conventional and spigot systems. This socketless principle was extended to cover installation requirements below ground level and was launched on to the market under the name "Timesaver 437". The market promotion created a significant amount of interest and, despite the generally low demand for drainage products, sales of the new product were encouraging.

A number of major export contracts were obtained in 1980 against strong international competition and the high value of sterling. These were mainly from Iraq and Kuwait and cover both public and private building projects.

Changes in the Sinclair Works manufacturing facilities took place during 1980 to improve productivity and increase flexibility.

Automotive and Engineering Division

The year began with the BSC steel strike which restricted supplies of materials. This meant organising alternative methods of manufacture to maintain the high production levels required at that time. This was followed by the general recession which led to the sharp reduction in demand. This situation continued to affect the division until the last quarter when work began on a big export contract.

During the year considerable alteration in the working hours of the workforce was necessary, ranging from substantial overtime working to severe short time working, coupled with redundancies of 20%.

In spite of this, and after absorbing heavy redundancy costs, the division remained viable on a much reduced turnover as a result of severe cost reductions and improvements in productivity.

STOCKHOLDING AND DISTRIBUTION

Glynwed Steel Stockholding Ltd

Cashmores

stockholders of stainless and general steels, scrap merchants and machine tool dealers

Macreadys

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

Frank Stacey

stockholders of stainless steel products

All the division's activities were affected by the three-month industrial dispute at the British Steel Corporation and the decline in UK industrial activity in the second-half of the year. Although stockholding units gave a creditable performance in the circumstances, the massive drop in world scrap steel prices seriously reduced the overall returns.

The continuing uncertainty in the international steel industry culminating in the declaration of a "Manifest Crisis" by the European Coal and Steel Community, provided the most difficult background to trading in memory.

Although rationalisation has taken place the division still faces a very difficult market.

STOCKHOLDING AND DISTRIBUTION**Glynwed Distribution Ltd****MBS Fastenings**

stockists of all screwed products

MBS Bearings

stockists of bearings, chains, sprockets and adhesives

MBS Tools

stockists of engineers tools

MBS Airmasters

stockists of air compressors and air tools

MBS Engineers Supplies

stockists of fastenings, bearings and engineers tools

MBS Thames Bank

Thames Flow products and stockists of builder's castings and plumbing requirements

MBS Packing and Seals

area franchise for Chesterton products

MBS Special Products

suppliers of specialist engineering products

MBS Exactalign

stockists of rose bearing products

Throughout the year the division continued the consolidation of its programme of providing a multi-product service to industry. The division now distributes fastenings, building products, bearings, tools and compressors and during 1980 finalised its DIY packages and also took an exclusive franchise for the sale of packing and seals.

The severe recession in 1980 forced the division to reduce overheads and a programme of rationalisation was introduced which should prove extremely beneficial in future years.

During the year, excellent progress was maintained on the computerisation of divisional systems, particularly for stocks.

STOCKHOLDING AND DISTRIBUTION**Glynwed Wholesale Chemists Ltd****Rudge Roberts****Rudge Roberts (Northern)****Fylde Laboratories**

wholesale supplies to retail chemists

Intense price competition throughout the industry continued during 1980, leading to a further contraction in the total number of wholesale depots in the UK. Towards the end of the year there were some signs that the industry was returning to more realistic pricing policies, but it was expected that the current competitive situation would continue for the foreseeable future.

Despite this unfavourable background, the division achieved an increase in both sales and profits over 1979. This was largely due to a strong performance by Rudge Roberts at Shrewsbury, where a substantial increase in sales was recorded. Fylde Laboratories at Preston continued to trade at a satisfactory level, but the high degree of competition in the Manchester area again led to a disappointing result from Rudge Roberts (Northern).

OTHER DIVISIONS AND TRADING COMPANIES**Glynwed Plastics Ltd****J Burns**

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

Certex Ltd

uPVC window frame and profile extruders, fabricators and installers, precision machined components in plastics and other materials for the engineering and general manufacturing industries, suppliers of specialist plastics, laminates and other materials to industry in general

Townsend Rubber Products Ltd

manufacturers of precision rubber mouldings, bonded assemblies and rollers in a wide range of rubber polymers.

J Burns continued to improve plant efficiency following a period of re-organisation and the introduction of new materials and processes. The company overcame most of the effects of the recession and the fall-off in UK car production. Demand for the company's railway products was higher during 1980 and the company has started to introduce them into international markets.

Progress was made at Certex by the uPVC window division which had a good range of products to cover the three main market areas — specifiers, wholesale stockists and domestic replacements.

The machined plastics division exceeded target expectations, helped by a good start to 1980 and the benefits of improved productivity. New markets and materials were tested and were beginning to show encouraging results.

Townsend Rubber Products was acquired in November 1980. The company has an impressive range of techniques and skills in the precision rubber moulding field, its high quality mouldings being supplied to major companies in the UK, Europe, America and Japan.

The company has considerable scope to extend its area of activities in world markets.

Report of the Directors

OTHER DIVISIONS AND TRADING COMPANIES

Fotherby, Willis Ltd

electronic controls for domestic and industrial application, air pulsating beds

Due to the downturn in consumer demand the decision was taken to close the company's Leeds factory at the end of July 1980 and transfer the production of a modified range of products to West Bromwich. There is now concentrated at this location the manufacture of Astec air pulsating beds as well as the range of electrical dimmers, timers, burglar alarms and touch keyboards transferred from Leeds.

Although 1980 performance showed an improvement on 1979, largely due to the concentration of activities on one site, the general position was still not satisfactory.

The market for electrical products was still at a low level, but there were signs towards the end of the year that the period of de-stocking was coming to an end.

Manufacturing problems initially with the air pulsating beds were largely resolved and the product is creating a lot of interest in many overseas countries.

SOUTH AFRICA

Defy Industries (Pty) Ltd

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

During 1980 the South African economy grew at a rate unprecedented in recent years. The growth in real GDP approached 8%, consumer spending on durables increased by more than 17% and building plans approved increased by 111% over the previous year. This performance was in sharp contrast to conditions in other major western countries and was due mainly to the large increase in the free market price of gold. There was a large balance of payments surplus and funds were freely available at low rates of interest throughout the year.

Defy took advantage of these trading conditions and turnover for the year increased by 48%. The refrigerator market was particularly competitive as a result of cheap imports from Italy which adversely affected margins. Market shares, however, were generally maintained or improved. Dominant shares were held in the electric cooker market and in the markets for the company's foundry products.

A decision was taken to expand the small electric appliance operation (irons, kettles, food preparation and haircare products) and a separate division was created for this purpose. The benefits of this expansion are expected to accrue in future years.

Tube making activities were also expanded and the company plans to enter the small bore stainless steel tube market in 1981.

A facility modernisation and improvement programme was started and capacity expansion projects at the Durban factory were approved.

UNITED STATES OF AMERICA

Bremar Steel Company Inc steel stockholding steel fabrication

This was Bremar Steel's first full year of operation under Glynwed ownership and the company performed well with sales the highest ever achieved. Profitability was also satisfactory bearing in mind the difficult economic environment of the United States for much of 1980. The warehouse division was particularly affected in the middle of the year but a reorganised sales force brought about a sharp recovery by the end of the year, although margins were tight.

The fabrication division had another good year although for the last four months of 1980 business was difficult to win at the same margins available twelve months earlier. A major extension to the Marietta Road Plant was started which will enable the division to tender for a wider variety of projects. It will ultimately lead to all fabrication work being carried out on the one site.

Pandjiris Weldment Company manufacturers of welding positioning equipment

Pandjiris was acquired on 30th June 1980 and is based in St Louis, Missouri. The company operates from a 46,000 sq. ft. factory producing a complete line of standard welding positioning equipment — turning rolls, seamers and manipulators. It was founded in 1945, employs about 90 personnel, and has shown steady growth over recent years to become the third largest in its field in the United States.

Although selling predominantly into the United States, good markets have been developed in Canada, Mexico, Venezuela and, through the American oil companies, North Africa.

Since its acquisition, the company traded to expectations for the second six months of 1980, both in terms of sales and profitability.

CORPORATE SERVICES

Personnel and Corporate Relations

The steel strike during the first quarter of the year, followed by a worsening economic situation in the UK, adversely affected most of the operating divisions and resulted in short time working, redundancies and some closures. The number of employees in the United Kingdom was reduced by 14% and the net cost of redundancy payments and payments in lieu of notice was £2.13 million. The management and organisation structure of various divisions has been strengthened and further progress continues to be made in developing the management teams within the group. This will enable the group to

react to the present economic circumstances and to respond to more favourable trading conditions.

As a result of acquisitions in the United States and increased activity in South Africa the number of employees overseas increased by 18% and accounted for 30% of the total employed in the group.

Twenty-three awards were made by the independent selection committee of the Glynwed Educational Scholarship scheme: of these, eleven were new awards.

Glynwed Overseas Ltd

During 1980 considerable management attention was devoted to the Middle East, now the group's largest regional export market, and orders were won from Iraq, Saudi Arabia and the Gulf. The company took part in exhibitions in Saudi Arabia and Iraq during the year.

Concentration on Nigeria brought positive results while elsewhere in Africa, the Middle East and Far East orders were also gained against international competition. Nevertheless the waiting period for order confirmation remained as long as ever as competition increased in those

areas of the Third World which had substantial funds available for indigenous investment.

Closer working ties with many of the group's operating companies continued to evolve in 1980. In addition the company established complementary product ranges in two important areas, supporting group UK manufactured products with items from Europe and the Far East, which made the package offered more price competitive, as well as providing for the level of quality required in the overseas market place.

Report of the Directors

Capital of the company

Issues of share capital

An allotment was made to certain holders of the company's 6% convertible unsecured loan stock on 9th October 1980 of 3,507 ordinary shares of 25p each at 246.772p per share in response to elections made on 30th September 1980 in respect of the conversion rights attaching to such stock. See also note 19 on page 31.

Share option scheme

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

Shareholders

At 27th December 1980, ordinary shareholders totalled 15,648 (1979—16,953) and these are analysed below:

Number of shares	% of shareholders	% of shares in issue
1—2,000	88.98	12.95
2,001—5,000	7.25	5.27
5,001—50,000	2.60	10.04
50,001—250,000	0.82	24.45
Over 250,000	0.35	47.29
	100.00	100.00

The directors have not received any notification under Section 26 of the Companies Act 1976 that any person or group of persons has an interest amounting to 5% or more in the ordinary share capital of the company.

Directors

The members of your board at the date of this report are listed on page 5. In accordance with the articles of association, Mr G Davies and Mr FCW Whitehouse retire by rotation and, being eligible, offer themselves for re-election. Sir William Barlow resigned as a director on 1st August 1980. Mr MA Hastilow retired from the board on 31st March 1981.

The unexpired periods of the service contracts with the company of the directors proposed for election are as follows:

Mr G Davies — to 31st December 1985
Mr FCW Whitehouse — to 31st December 1983

Directors' interests

The interests of the directors of the company at 27th December 1980 according to the register kept under Section 29 of the Companies Act 1967 were:

		27th December 1980		30th December 1979†	
		Sole beneficial owner	Family and other interests*	Sole beneficial owner	Family and other interests*
Ordinary shares of 25p each fully paid	L Fletcher	5,000	312	5,000	312
	G Davies	1,250	—	1,250	—
	MA Hastilow	1,025	4,825	1,025	4,825
	W Garner	4,687	312	4,687	312
	JM Hill	547	—	547	—
	DL Milne	—	—	—	—
	FCW Whitehouse	40,521	—	40,521	—
	JD Eccles	2,500	—	2,500	—
	Sir Denis Barnes	1,000	—	1,000	—
10.75% unsecured loan stock					
	MA Hastilow	25	—	25	—

The company has not been notified of any change in the above holdings during the period 28th December 1980 to 8th April 1981 inclusive.

No director had a material interest in any contract of significance, as defined in the Stock Exchange's Listing Agreement—Companies, during the year.

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

Fixed assets

In December 1979 professional valuations of the freehold and leasehold land and buildings of the group were made which, taking into account market and economic conditions at the time of the valuations, indicated a value of not less than £40 million. Having regard to these valuations the directors are of the opinion that the market value is in excess of the book value at 27th December 1980 by at least £20 million.

Finance Act 1965 and capital gains tax

The official price of Glynwed Limited ordinary shares on 6th April 1965 adjusted for the rights issue made in 1976 was 135¾p.

Employees

In the United Kingdom the group has employed an average of 12,329 persons each week of the year. The aggregate gross remuneration paid or payable to them was £58.761 million (1979—£57.570 million) for the year.

Average number of employees	1980	1979
United Kingdom	12,329	13,615
Overseas	5,129	4,347
	17,458	17,962

Report of the Directors

South Africa— EEC Code of Conduct

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

Political and charitable contributions

The group made contributions for the following purposes in 1980:

	£
Charitable	57,719
Educational (universities)	11,683
Political	15,000
	<hr/>
	84,402

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

'Close' company

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

Auditors

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

By order of the board
JC Blakeley
Secretary



Birmingham
8th April 1981

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Source and Application of Funds

For the 52 weeks ended 27th December 1980	1980 £000	1979 £000
Total net borrowings at 29th December 1979	44,826	32,333
Funds generated:		
Group profit before taxation	16,123	18,675
Depreciation	6,088	4,904
Extraordinary items before taxation	(4,106)	(3,058)
Funds generated from operations	18,110	20,521
Issues of shares and additions to minority interests	9	206
Total funds generated	18,119	20,727
Application of funds:		
Fixed assets, less disposals*	7,730	10,348
Investments	(13)	322
Working capital:		
Stocks and work in progress*	(2,551)	13,933
Debtors less creditors*	2,550	(3,126)
Dividends paid	6,044	6,044
Taxation paid*	5,304	3,829
Increase in goodwill and other reserve movements*	2,971	1,870
Total funds applied	22,035	33,220
Increase in borrowings	3,916	12,493
Represented by changes in:		
Net liquid funds*	(848)	7,771
Medium and long term indebtedness	4,764	4,722
	3,916	12,493
Net borrowings at 27th December 1980:		
Bank overdrafts and short term borrowings	16,037	16,206
Bank and cash balances	(1,313)	(634)
Net liquid funds	14,724	15,572
Medium and long term indebtedness	34,018	29,254
Total net borrowings at 27th December 1980	48,742	44,826

*Summary of the effect of the acquisition of subsidiary companies at exchange rates at time of acquisition:

Net assets acquired	£000
Net bank and cash balances	382
Stocks and work in progress	828
Debtors	810
Fixed assets	621
Creditors	(679)
Taxation	(109)
Goodwill arising on acquisition	2,845
Cash paid	4,698

Consolidated Profit and Loss Account

GLYNWED

For the 52 weeks ended 27th December 1980

	Notes	1980 £000	1979 £000
Turnover	1		
Home		255,647	281,484
Overseas (including exports)		100,522	64,037
Total turnover		356,169	345,521
Trading profit	2	22,062	23,296
Share of profits of associated companies		134	80
Interest charges	4	(6,068)	(4,701)
Group profit before taxation		16,128	18,675
Taxation	5	4,255	5,536
Group profit after taxation		11,873	13,139
Minority interests		1,217	452
Group profit before extraordinary items		10,656	12,687
Extraordinary items	6	2,249	1,334
Group profit after extraordinary items		8,407	11,153
Preference dividends	7	70	70
Group profit attributable to ordinary shareholders		8,337	11,083
Ordinary dividends	7	4,798	5,974
Profit retained	8	3,539	5,109
Earnings per share -- net basis	9	16.21p	19.33p
-- nil distribution basis		19.91p	19.33p

Statement of reserves:

Balance at 29th December 1979:

As previously reported		51,488	47,559
Changes in accounting policies		277	255
Opening balance as restated		51,765	47,814
Items taken direct to reserves	18	(2,958)	(1,158)
Profit retained	8	3,539	5,109
Balance at 27th December 1980		52,346	51,765

Notes on the accounts, pages 24 to 31.

Consolidated Balance Sheet

	27th December 1979	Notes	1980 £000	1979 £000
Assets employed				
Current assets				
Stocks and work in progress	10		77,868	80,419
Debtors, bills receivable and prepayments			70,206	79,095
Bank and cash balances			1,313	634
Total current assets			149,387	160,148
Current liabilities				
Creditors and accrued charges			59,244	70,683
Bank overdrafts and other short term borrowings	19		16,037	16,206
Current taxation	11		5,955	6,960
Proposed dividend			3,199	4,375
Total current liabilities			84,435	98,224
Net current assets			64,952	61,924
Fixed assets	13		43,638	41,996
Investments	15		1,377	1,390
Total net assets			109,967	105,310
Financed by				
Ordinary shares	17		16,323	16,322
Reserves	18		52,346	51,765
Ordinary share capital and reserves			68,669	68,087
Preference shares	17		1,291	1,291
Total share capital and reserves			69,960	69,378
Medium and long term indebtedness	19		34,018	29,254
Deferred taxation	20		1,407	3,308
Minority interests			4,582	3,370
Total funds			109,967	105,310

L Fletcher
G Davies

L Fletcher *Chairman*

G Davies *Deputy Chairman and Group Managing Director*

Notes on the accounts, pages 24 to 31.

27th December 1980

Assets employed**Current assets**

Debtors and prepayments

215 323

Bank balances

481 282

Total current assets

696 605

Current liabilities

Creditors and accrued charges

2,052 3,828

Bank overdrafts and other short term borrowings

19 21,140 16,027

Current taxation

11 2,240 2,346

Proposed dividend

3,199 4,375

Total current liabilities

23,631 26,576

Net current liabilities

(27,935) (26,971)

Interest in subsidiaries

12 132,963 124,206

Investments

15 122 115

Advance corporation tax recoverable

3,448 6,174

Total net assets

103,598 104,524

Financed by

Ordinary shares

17 16,323 16,322

Reserves

18 59,146 59,879

Ordinary share capital and reserves

75,469 76,201

Preference shares

17 1,291 1,291

Total share capital and reserves

76,760 77,492

Medium and long term indebtedness

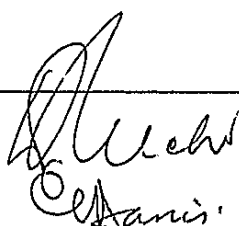
19 31,813 27,410

Deferred taxation

20 25 (378)

Total funds

103,598 104,524


L Fletcher *Chairman*G Davies *Deputy Chairman and Group Managing Director*

Notes on the accounts, pages 24 to 31.

1 Accounting policies

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

Basis of accounting

The historical cost convention is used for the preparation of the accounts with assets generally carried in the balance sheet at or below the cost incurred at their date of acquisition. However, the convention does permit the inclusion in the balance sheet of certain assets at a value in excess of cost and those fixed assets which are included at valuations in excess of original cost are detailed in note 13 on page 28.

Consolidation

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

Acquisitions

Shares issued as consideration for the acquisition of companies are issued at the value placed on them in the relevant contract or offer document.

Where no value is specified they are issued at par.

Expenses incurred in the issue of such shares are charged against share premium account.

Goodwill arising on consolidation is set against reserves.

If net tangible assets acquired exceed the purchase consideration, the difference is added to reserves on consolidation.

Turnover

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

Research and development

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

Extraordinary items and prior year adjustments

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

Foreign currencies

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

Stocks and work in progress

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

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

1 Accounting policies (continued)

Depreciation

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

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

No depreciation has been charged on freehold land.

Market value of trade investments

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

Deferred taxation

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

2 Trading profit

	1980 £000	1979 £000
This is stated after crediting:		
Income from listed investments	80	74
Interest on deposits and loans	96	245
and after charging:		
Depreciation (note 13 on page 28)	6,038	4,904
Hire of plant, equipment and vehicles	2,481	2,386
Emoluments of directors of Glynwed Limited:		
As directors	15	20
As executives	311	237
Total directors' emoluments	326	257
Auditors' remuneration:		
Glynwed Limited	35	31
Subsidiaries	378	341
Total auditors' remuneration	413	372

Notes on the Accounts

3 Directors' and employees' emoluments

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

Chairman

1980 £50,401 (1979 £42,712)

Other directors:

£	Number of directors	
	1980	1979
50,001 to 55,000	1	—
35,001 to 40,000	—	1
30,001 to 35,000	3	—
25,001 to 30,000	2	3
15,001 to 20,000	—	1
5,001 to 10,000	2	1
Up to 5,000	1	2

The number of other employees in the United Kingdom who received emoluments in excess of £20,000 is as follows:

£	Number of employees	
	1980	1979
25,001 to 30,000	1	—
20,001 to 25,000	6	4

4 Interest charges

	1980	1979
	£000	£000
Bank overdrafts, bank loans and other short term borrowings	4,665	3,374
Other loans repayable on or before 31st December 1985	173	96
Other loans repayable after 31st December 1985	1,230	1,231
Total interest charges	6,068	4,701

5 Taxation

	1980	1979
	£000	£000
On the profit of the year:		
United Kingdom corporation tax at 52%	1,152	4,935
Double taxation relief	(629)	(4)
Transfer from deferred taxation	(1,832)	(295)
Advance corporation tax not immediately recoverable	2,410	—
Total United Kingdom taxation	1,101	4,636
Overseas taxation	3,261	944
Associated companies	58	35
	4,420	5,615
Previous year adjustments	(165)	(79)
Total taxation	4,255	5,536

The assumption has been made that the new system for stock relief in the UK proposed by the Inland Revenue in their consultative document issued on 14th November 1980 will be implemented as planned. The charge for taxation for 1980 would have been increased by approximately £4 million under the old system.

The taxation charge has benefited from accelerated capital allowances and stock appreciation relief. It is not expected that all the taxation deferred by these timing differences will be payable in the future and this tax has therefore not been provided. Without the benefit of these allowances, the taxation charge would have been increased by £3.1 million (1979 £3.6 million).

6 Extraordinary items

	1980	1979
	£000	£000
Termination costs of discontinued activities	4,106	3,058
Less taxation relief applicable	1,857	1,524
Extraordinary items after taxation relief	2,249	1,534

7 Dividends

	1980	1979
	£000	£000
Preference dividends 8.425% (formerly 7¼%)	70	70
Ordinary dividends		
Interim dividend paid of 2.45p per share (1979 2.45p)	1,599	1,599
Proposed final dividend of 4.90p per share (1979 6.70p)	3,199	4,375
Total ordinary dividend of 7.35p per share (1979 9.15p)	4,798	5,974

8 Profit retained

	1980	1979
	£000	£000
Glynwed Limited	(540)	18,477
Subsidiary companies	4,003	(13,413)
Associated companies	76	45
Total profit retained	3,539	5,109

9 Earnings per share

The calculations of earnings per share are based on the figures set out below and 65,289,000 ordinary shares of 25p each (1979: 65,282,000 shares)

	1980	1979
	£000	£000
Group profit after taxation	11,873	13,139
Minority interests	(1,217)	(452)
Preference dividends	(70)	(70)
Not basis	10,586	12,617
Advance corporation tax not immediately recoverable	2,410	—
Nil distribution basis	12,996	12,617

10 Stocks and work in progress

	1980	1979
	£000	£000
Raw materials and consumable stores	19,099	23,802
Work in progress	11,424	11,864
Finished goods and distribution stocks	47,345	44,753
Total stocks and work in progress	77,868	80,419

11 Current taxation

	Group		Glynwed Limited	
	1980	1979	1980	1979
	£000	£000	£000	£000
United Kingdom corporation tax	865	3,721	172	226
Advance corporation tax	2,068	2,575	2,068	2,120
Total UK current taxation	2,933	6,296	2,240	2,346
Overseas taxation	3,022	664	—	—
Total current taxation	5,955	6,960	2,240	2,346

Notes on the Accounts

12 Interest in subsidiaries

	1980 £000	1979 £000
Shares at or below cost	53,801	54,110
Amounts owing from subsidiaries	94,835	84,912
Amounts owing to subsidiaries	(15,673)	(14,816)
Total interest in subsidiaries	132,963	124,206

A list of principal subsidiaries which traded during the year is given on page 33.

13 Fixed assets

	Land and buildings			Plant, equipment and vehicles	1980 Total fixed assets £000	1979 Total fixed assets £000
	Freehold £000	Leasehold Long £000	Short £000	£000		
Cost and valuation:						
At 29th December 1979	25,527	709	712	61,272	88,220	78,974
Exchange adjustments	15	—	(8)	64	71	(557)
New subsidiaries	444	—	1	821	1,266	4,566
Additions at cost	1,262	—	100	6,730	8,092	9,001
Disposals	(256)	—	(58)	(3,964)	(4,278)	(3,764)
At 27th December 1980	26,992	709	747	64,923	93,371	88,220
Cost	15,481	635	731	61,337	78,184	72,778
Valuation (see below)	11,511	74	16	3,586	15,187	15,442
	26,992	709	747	64,923	93,371	88,220
Accumulated depreciation:						
At 29th December 1979	7,616	210	292	38,106	46,224	42,088
Exchange adjustments	35	—	(5)	(22)	8	(263)
New subsidiaries	190	—	1	463	654	2,195
Provision for the year	451	23	16	5,598	6,088	4,904
Disposals	(179)	—	(10)	(3,052)	(3,241)	(2,700)
At 27th December 1980	8,113	233	294	41,093	49,733	46,224
Net book value:						
At 27th December 1980	18,879	476	453	23,830	43,638	
At 29th December 1979	17,911	499	420	23,166		41,996

Valuations have been incorporated in fixed assets as follows:

	Land and buildings			Plant, equipment and vehicles
	Freehold £000	Leasehold Long £000	Short £000	£000
Professional valuations:				
1953—1968	2,178	19		
1969	607			32
1970	1,315			
1972	1,546			
1973	275			
1976	77			
1977	48			
1978	1,238			
Directors' valuations:				
1963—1964	4,106	55	16	3,554
1970	121			
	11,511	74	16	3,586

14 Capital expenditure

	Group	
	1980 £000	1979 £000
Authorised by the board but not contracted for	3,876	1,976
Contracted for but not provided in the accounts	1,401	2,208
Total expenditure authorised	5,277	4,184

Glynwed Limited had no capital commitments (1979: nil).

15 Investments

	Group		Glynwed Limited	
	1980 £000	1979 £000	1980 £000	1979 £000
Trade investments:				
Listed equity shares, at cost	1,057	1,128	—	—
Unlisted equity shares, at or below cost	36	30	25	25
Total trade investments	1,093	1,158	25	25
Market value of listed shares	692	950	—	—
Associated companies—unlisted:				
At or below cost	97	110	97	90
Share of post-acquisition reserves less exchange adjustments	187	122	—	—
Total associated companies—unlisted	284	232	97	90
Total investments	1,377	1,390	122	115

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

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

Name	Country of registration or incorporation	Capital	% held
*European Plumbing Materials Ltd	England	£50,000	50
*Irano British Building Products Ltd	Iran	Rials 25m	49
Lab-Line Industrial Corporation	U.S.A.	\$1,000	50
Vulcathene South Africa (Pty) Ltd	South Africa	R32,000	50

*These two companies have not been dealt with as associated companies as their figures are not significant to the group. No loan capital has been created.

16 Contingent liabilities

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

17 Share capital

	Authorised		Issued	
	No. of shares 000	£000	No. of shares 000	£000
Ordinary shares of 25p each:				
Balance at 29th December 1979	80,000	20,000	65,288	16,322
Issued to stockholders exercising rights under 6% convertible unsecured loan stock			4	1
Balance at 27th December 1980	80,000	20,000	65,292	16,323
5.425% Cumulative Preference Shares of £1 each fully paid (formerly 7¼%)	1,291	1,291	1,291	1,291

2,348,217 shares of the unissued ordinary share capital are reserved for issue to the holders of the 6% convertible unsecured loan stock who may exercise their conversion rights.

18 Reserves

	Share premium £000	Other reserves £000	Goodwill on consoli- dation £000	Total £000
Group				
Balance at 29th December 1979				
As previously reported	21,342	42,632	(12,486)	51,488
Changes in accounting policies		277		277
Opening balance as restated	21,342	42,909	(12,486)	51,765
Premium on shares issued	8			8
Movement on goodwill			(2,694)	(2,694)
Exchange differences and other adjustments		(272)		(272)
Items taken direct to reserves	8	(272)	(2,694)	(2,958)
Profit retained		3,539		3,539
Balance at 27th December 1980	21,350	46,176	(15,180)	52,346
Retained in associated companies		187		187
Available for distribution		42,878		42,878
Not available for distribution	21,350	3,111	(15,180)	9,281
Total reserves	21,350	46,176	(15,180)	52,346
Glynwed Limited				
Balance at 29th December 1979	21,342	38,537		59,879
Premium on shares issued	8			8
Exchange differences		(201)		(201)
Loss for year		(540)		(540)
Balance at 27th December 1980	21,350	37,796		59,146
Available for distribution		36,958		36,958
Not available for distribution	21,350	838		22,188
Total reserves	21,350	37,796		59,146

19 Loan capital and
borrowed money

	Group		Glynwed Limited	
	1980 £000	1979 £000	1980 £000	1979 £000
Secured				
Sterling:				
7.5% Debenture Stock 1989/94	2,883	3,053	2,883	3,053
Other currencies	637	836	—	—
Total secured loans	3,520	3,889	2,883	3,053
Unsecured				
Sterling:				
10.75% loan stock 1994/99	5,886	5,886	5,886	5,886
6.0% convertible loan stock 1983/85	5,795	5,803	5,795	5,803
Term loans	17,249	14,000	17,249	14,000
Bank overdrafts	9,231	8,152	21,018	14,546
Other currencies:				
Term loans	1,839	1,114	—	—
Bank overdrafts	6,535	6,617	122	149
Total unsecured loans	46,535	41,572	50,070	40,384
Total loan capital and borrowed money	50,055	45,460	52,953	43,437
Bank and cash balances	(1,313)	(634)	(481)	(282)
Total net borrowings	48,742	44,826	52,472	43,155

19 Loan capital and borrowed money (continued)

	Group		Glynwed Limited	
	1980 £000	1979 £000	1980 £000	1979 £000
Amounts repayable in one year or less or on demand included in current liabilities	16,037	16,206	21,140	16,027
Bank and cash balances	(1,313)	(634)	(481)	(282)
Amounts repayable in more than one year shown as long and medium term loans	34,018	29,254	31,813	27,410
Total not borrowings	48,742	44,826	52,472	43,155
Debt/Equity ratio	% 65.4	61.6		
Bank borrowings	35,099	30,218	38,389	28,695
Other borrowings	14,956	15,242	14,564	14,742
Bank and cash balances	(1,313)	(634)	(481)	(282)
Total net borrowings	48,742	44,826	52,472	43,155
<i>Bank borrowings repayable:</i>				
In one year or less or on demand	15,898	15,938	21,140	15,945
Between one and two years	1,729	3,749	556	2,500
Between two and five years	3,996	4,164	3,333	4,027
In five years or more	13,476	6,367	13,360	6,223
Total bank borrowings	35,099	30,218	38,389	28,695
<i>Other borrowings repayable:</i>				
In one year or less or on demand	139	268	—	82
Between one and two years	97	226	—	106
Between two and five years	5,909	564	5,795	393
In five years or more	8,811	14,184	8,769	14,161
Total other borrowings	14,956	15,242	14,564	14,742

The debenture stock (including accrued interest) is secured by floating charges on the assets and undertakings of Glynwed Limited and certain of its wholly-owned subsidiaries. The sinking fund requirement has been satisfied to date by the purchase and cancellation of £559,889 of stock.

The convertible unsecured loan stock carries the right, exercisable in any of the years 1981 to 1983, to convert 246.772p nominal amount of stock into one ordinary share of 25p. The holders of £8,666 loan stock exercised the conversion option at 30th September 1980.

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

20 Deferred taxation

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

	1980		1979	
	Provision made	Full potential liability	Provision made	Full potential liability
	£000	£000	£000	£000
Timing differences mainly between tax allowances and depreciation	2,390	10,198	2,351	9,697
Taxation losses carried forward	(418)	(418)	—	—
Stock appreciation relief	974	13,965	2,832	10,901
Advance corporation tax recoverable	(1,539)	(3,948)	(1,875)	(1,875)
Corporation tax payable if properties were disposed of at revalued amounts	—	341	—	311
Total deferred taxation provisions	1,407	20,138	3,308	19,034

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

Auditors' Report

To the members of Glynwed Limited

We have audited the accounts on pages 20 to 31 and 34 and 35 in accordance with approved Auditing Standards. The accounts on pages 20 to 31 have been prepared under the historical cost convention as explained in the statement of accounting policies set out on pages 24 and 25 and the supplementary accounts on pages 34 and 35 have been prepared under the current cost convention as described in Statement of Standard Accounting Practice No. 16.

In our opinion the accounts on pages 20 to 31 give a true and fair view of the state of affairs of the company and the group at 27th December 1980 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1980.

In our opinion the supplementary current cost accounts on pages 34 and 35 have been properly prepared, in accordance with the policies and methods described in notes 1 to 5, to give the information required by Statement of Standard Accounting Practice No. 16.

Coopers & Lybrand
Coopers & Lybrand
 Chartered Accountants
 Birmingham

8th April 1981

Financial Calendar 1981

Annual general meeting	21st May
Final ordinary dividend payable	2nd July
Half year end	27th June
Interim ordinary dividend payable	16th December
Preference dividend payable	30th June, 31st December
1981 year end	26th December

Interest payments (United Kingdom):

7.5% debenture stock	6th June, 6th December
10.75% unsecured loan stock	31st March, 30th September
6% convertible unsecured loan stock	30th June, 31st December

The following is a list of the company's principal subsidiaries which traded during the year ended 27th December 1980, all of which, unless otherwise stated, are wholly owned.

The capital in each case consists wholly of ordinary shares or common stock except where indicated.

Registered in England and operating in the United Kingdom

Certex Ltd †
Crackley Ltd
Fotherby, Willis Ltd †
Glynwed Bathroom & Kitchen Products Ltd †
Glynwed Distribution Ltd
Glynwed Appliances Ltd †
Glynwed Foundries Ltd †
Glynwed Group Services Ltd
Glynwed Integrated Services Ltd †
Glynwed International Ltd †
Glynwed Overseas Ltd
Glynwed Plastics Ltd
Glynwed Screws & Fastenings Ltd
Glynwed Steels Ltd
Glynwed Steel Stockholding Ltd
Glynwed Tubes & Fittings Ltd
Glynwed Wholesale Chemists Ltd
Harrison and Hayton Ltd † (including deferred ordinary shares)
Townsend Rubber Products Ltd (including preference shares)

Incorporated and operating overseas

*The Breman Steel Company Inc (USA)
*Cooper & Turner Inc (USA)
*Defy Industries (Pty) Ltd (74% owned) and its subsidiaries (South Africa) †
*Glynwed Australia Pty Ltd (Australia) †
Glynwed Eurotrade BV (Holland)
*Glynwed Inc (USA)
*La Dauphinoise SA (95% owned) (France)
*Dauphinoise-Thomson SA (60% owned) (France)
Nederlandse Autofitting Fabriek BV (Holland)
*Pandjiris Weldment Company (USA)

* Shares held by subsidiaries of Glynwed Limited.

† Companies not audited by Coopers & Lybrand. The aggregate assets of such companies at 27th December 1980 amounted to 25% of the group assets.

Consolidated Current Cost Profit and Loss Account

For the 52 weeks ended 27th December 1980

	Notes	£000	£000
Turnover			
Home			255,647
Overseas (including exports)			100,522
Total turnover			356,169
Trading profit			22,062
Current cost adjustments	2		8,465
Trading profit after current cost adjustments			13,597
Share of profits of associated companies			134
Interest charges		(6,068)	
Less gearing adjustment	3	2,836	
			(3,232)
Group current cost profit before taxation			10,499
Taxation			4,255
Group current cost profit after taxation			6,244
Minority interests			949
Group current cost profit before extraordinary items			5,295
Extraordinary items			2,249
Group current cost profit after extraordinary items			3,046
Preference dividends			70
Group current cost profit attributable to ordinary shareholders			2,976
Ordinary dividends			4,798
			(1,822)
Earnings per share — net basis			8.00p
— nil distribution basis			11.69p

Notes on the consolidated current cost accounts

1. Basis of preparation

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

2. Current cost adjustments

Cost of sales adjustment (COSA)	£000
Monetary working capital adjustment (MWCA)	4,314
Depreciation adjustment	1,378
	2,773
	8,465

a) Stocks and work in progress

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

b) Monetary working capital adjustment

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

c) Depreciation adjustment

The depreciation adjustment is the additional charge against revenue required to reflect the impact of price changes on the value of fixed assets consumed throughout the year.

3. Gearing adjustment

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

Consolidated Current Cost Balance Sheet

GLYNWED

Net trading assets

27th December 1980

Notes

£000

Current assets

Stocks and work in progress

2

78,645

Debtors, bills receivable and prepayments

70,206

Creditors and accrued charges

(59,244)

Net current assets

89,607

Fixed assets

4

79,449

Investments

1,012

Total net operating assets

170,068

Shareholders funds

Ordinary shares

16,323

Current cost reserve

5

41,852

Other reserves

46,985

Ordinary share capital and reserves

105,160

Preference shares

1,291

Total share capital and reserves

106,451

Proposed dividends

3,199

Minority interests

4,314

Total shareholders' funds

113,964

Net borrowings

Medium and long term indebtedness

34,018

Deferred taxation

1,407

Current taxation

5,955

Bank overdrafts and other short term borrowings

14,724

less bank and cash balances

56,104

Total net borrowings

56,104

Total funds

170,068

4. Fixed assets

£000

Land and buildings

49,073

Plant, equipment and vehicles

30,376

79,449

Fixed assets have been valued as follows:

a) Land and buildings

A professional valuation on an existing use basis of the group's land and buildings was made at 29th December 1979 and this valuation has been incorporated in the current cost accounts. For 1980 the directors are of the opinion that land and buildings valuations have not changed from the 1979 valuation.

b) Plant, equipment and vehicles

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

5. Current cost reserve

£000

Revaluation surpluses reflecting price changes:

Land and buildings

29,726

Plant, equipment and vehicles

8,858

Investments

(365)

Stocks and work in progress

5,091

43,310

Monetary working capital adjustment

1,378

Gearing adjustment (33.5% of £8,465)

(2,836)

41,852

Of which: realised

5,361

unrealised

36,491

41,852

Notice of Meeting

Notice is hereby given that the fortieth annual general meeting of Glynwed Limited will be held at Headland House, Sheldon, Birmingham, on Thursday, 21st May 1981 at 3 o'clock in the afternoon to transact the following business:

- 1 To receive and adopt the annual report and accounts for the 52 weeks ended 27th December 1980.
- 2 To declare a final dividend.
- 3 To elect directors.
- 4 To reappoint Coopers & Lybrand as auditors under Section 14(1) of the Companies Act 1976, and to authorise the directors to fix their remuneration.

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

By order of the board
JC Blakeley
Secretary



Birmingham
27th April 1981

Notes

1. A form of proxy is inserted in the report and accounts and is for the use of shareholders who are unable to attend the meeting in person. This form should be completed, signed and returned so that it arrives at the office of the company's registrars not less than 48 hours before the time of the meeting. By signing and returning the form of proxy a shareholder will not be precluded from attending and voting in person should he subsequently find it possible to be present.
2. In accordance with the listing agreement--companies, which the company entered into with The Stock Exchange, London--the appropriate contracts of service of the directors will be available for inspection at the company's registered office between 9.00 a.m. and 4.30 p.m. on any weekday (Saturday and public holidays excluded) from 27th April 1981 to 20th May 1981 inclusive, and at the place of the meeting for 15 minutes prior to the meeting and during the meeting.