

Glynwed Limited

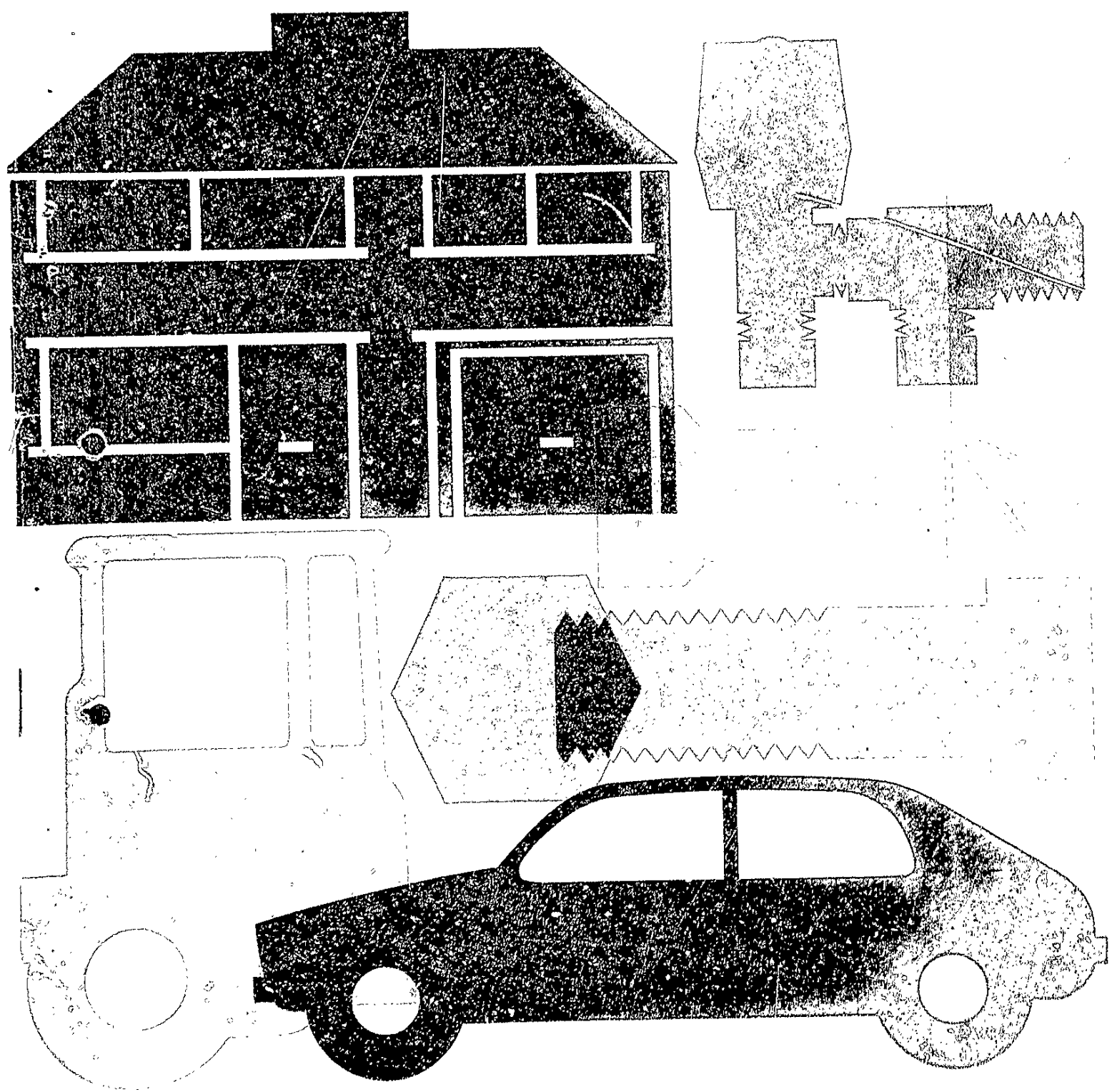
Annual Report and Accounts 1973

4

Certified true 1994

[Signature]
DIRECTOR

[Signature]
SECRETARY



GLYNWED GROUP

EFFECT OF BUDGET PROPOSALS

In his budget proposals on Tuesday, 26th March 1974, the Chancellor announced, *inter alia*, that:

1. the rate of corporation tax from 1st April 1973 would be increased to 52%, and
2. the basic rate of income tax from 6th April 1974 would be increased from 30% to 33%.

The Report and Accounts for the 52 weeks ended 29th December 1973 had been finalised for printing prior to the date of the budget and it was therefore not possible to incorporate the effects of the Chancellor's proposals.

Effect on recommended final ordinary dividend

The recommended final ordinary dividend was announced on 20th March 1974 as 5.7143p per share GROSS subject to a tax deduction of 30%, i.e. 4.0p per share NET. Your Directors propose that the original GROSS dividend should be maintained to conform with the Counter Inflation (Dividends) Order 1973. In view of the change in the basic rate of income tax ordinary shareholders will thus receive a NET dividend of 3.8285p per share and normally shareholders will be entitled to a tax credit of 33/67ths.

Effect on published accounts

The Report and Accounts for the 52 weeks ended 29th December 1973, a corporation tax rate of 50% and an income tax rate of 30% were applied.

If the budget proposals are approved by Parliament, the effect of the higher taxation rates would be to increase the charge for corporation tax and deferred taxation by £185,000 and prior year deferred taxation adjustments by £145,000. As a result of the increased taxation charge (£330,000) and the reduction in the NET dividend (£79,000), the retained profit would be reduced by £251,000 to £4,103,000.

Bilston, Staffordshire.

6th April 1974.

By order of the Board,

D. E. DRAKE,

Secretary.

Contents 1973

Glynwed Limited

Financial highlights	1
Chairman's statement	2
Financial calendar and other information	5
Directors and officers of the company	6
Directors' report	7
The Glynwed group of companies	
Review of divisional operations	
Accounting policies	21
Consolidated profit and loss account	22
Consolidated balance sheet	23
Balance sheet of Glynwed Limited	24
Notes on the accounts	25
Principal trading subsidiaries	30
Auditors' report	31
Source and application of funds	32
Comparison of results	33
Notice of meeting	35
Form of proxy	inset

GLYNWED

Financial highlights

Glynwed Limited and subsidiary companies

	1973 £000	1972 £000
Turnover	171,614	126,180
Group trading profit	15,830	12,784
Debenture and loan stock interest	1,825	1,754
Profit before taxation	14,005	11,030
Profit attributable to ordinary shareholders	7,313	6,338
Ordinary dividends (1973 gross equivalent £4,227,000)	2,959	3,677
Profit retained	4,354	2,711
Net assets employed	65,530	51,014
Capital expenditure	5,068	3,973
Depreciation	3,192	3,172
Earnings on ordinary capital	63.4%	59.9%
Earnings per ordinary share (1972 adjusted)		
– basic	16.25p	13.79p
– fully diluted	15.28p	12.85p
Dividends per ordinary share (1973 gross equivalent 9.2143p)	6.45p	8.75p
Number of ordinary shareholders	18,768	18,121
Average number of employees (U.K. and overseas)	19,739	18,644

Chairman's statement

This year my first task is to report the retirement of two of our colleagues. Lt.-Col. P. H. Gough, O.B.E. has served the company as a non-executive director for over 20 years and his counsel during that time has been invaluable. His wisdom has contributed much to the management of the affairs of Glynwed and we are sorry that the time has come for him to leave us. It is also with very real regret that I have to say that Mr. N. Cashmore decided to take a well earned retirement. He and his company joined the group in 1972 and his contributions to Glynwed, albeit over too short a term, were greatly appreciated by his colleagues.

The group has achieved further increases in turnover and profits during 1973 with only a relatively minor contribution from acquisitions. Comparisons with 1972 are shown in the financial highlights on the opposite page; £13m of turnover and £1.07m of pre-tax profits came from newly acquired companies.

Earnings per share rose to 15.28p (fully diluted) and a final dividend of 5.7143p per share (gross) is proposed, making a total for the year of 9.2143p per share (gross), the improvement being within the maximum permitted amount.

As far as the group's individual activities were concerned, we had a mixed year, with most of our successes coming from copper tube manufacture, steel re-rolling, fastenings' distribution and steel stockholding, all of which had record figures. The latter, which we entered only two years ago through the acquisition of Cashmores, was reinforced by the purchase of Macready's Metal Company Limited in May last year, and together they produced almost £5 million in profits during 1973. Whilst this is perhaps an indication of the value of our acquisition programme, we have had set-backs in other areas. In particular the whole gas appliance market was badly scarred by the strike in the gas industry early in 1973 and recovery has been slow; this naturally adversely affected the Flavel and Leisure Domestic results.

Profitability of many of our United Kingdom activities was also held back by the Government anti-inflation legislation and in some instances, certain price increases, although modest, were delayed by the need to seek the approval of the Price Commission. Details of our various operations are given later in this document.

The question of raw materials, both in terms of availability and price, has exercised us in most areas of the group during the year. For example, the price of copper rose from some £450 a tonne at the beginning of the year to over £1,100 a tonne in December and although we succeeded in obtaining adequate supplies, the effect on liquidity of the group was great; as a general yardstick it can be said that an increase of £100 per tonne in the copper price requires almost £1m in additional working capital. Steel, too, has been much in the news and it is to their credit that both the re-rolling and stockholding units managed to produce excellent results, albeit with a shortage of supplies. On the ironfounding side, the price and availability of scrap has been a major problem and it is now recognised that the plastics industry is also suffering in a similar fashion.

The consequent pressure on working capital as a result of high raw material prices is indicated in the level of bank borrowings at the end of the year; insofar as a price of around £1,000 per tonne in copper is a temporary situation — and it may well be so — there is no

Chairman's statement

continued

cause for concern but with the inflationary effect of high prices of all raw materials, the liquidity of the group is kept under constant review.

Further contributory factors in the increase in bank borrowings were the partial cost in cash of the purchase of Macready's and the fact that over £5m was allocated to capital expenditure during the year.

At a time of escalating copper prices, thoughts may naturally turn to the possibility of significant stock profits, but it may be recalled that some years ago steps were taken to eliminate, as far as possible, both stock profits in a rising copper market and stock losses when the price subsequently falls. This policy was pursued in 1973 and there were no "windfall" profits on our copper stocks but, in the absence of some new and unforeseen factor, there should be no losses in the event that copper prices revert to lower levels.

In addition to the acquisition of Macready's, there were other purchases, all non-public, during 1973, including Permatube Limited, Cardinal Steels Limited and James White (Shopfitters) Limited. We also acquired the balance of the shares of Integrated Equipment Services Limited.

We have also put further in hand the reorganisation to which I referred last year and we have now formed the following sub-groups: Consumer Products, Steel & Engineering, Stockholding & Distribution. This has given us the opportunity to appoint a distinctive second line of management participating in the higher level decisions and at the same time helping us to produce a further push in our organic growth. For the first time we also made a specific allocation of £250,000 towards group research and development.

Shareholders may be interested to know that we are introducing new pension schemes in the United Kingdom thereby consolidating the existing schemes and covering the areas where none had existed previously.

In South Africa there was a first class improvement in 1973 where profits rose to £1.6m, reflecting the efforts of our local management in Defy Industries Limited.

During 1973 there was much publicity surrounding the question of conditions of employment of workers in South African subsidiaries of British companies and this caused us to look again at the situation in Defy. We have the fullest confidence in our colleagues in Defy where they have brought about continuing improvements in wages and conditions and are concerned to widen the range of opportunities for all employees in the company. We are determined to work towards better standards of industrial relations and rewards and have taken note of the recommendations of the recent report by the Parliamentary Select Committee.

During the year we planned a new issue of Defy shares in South Africa which would have increased the equity by some 16 per cent, so as to provide further permanent finance for the company and to introduce an element of local participation. This plan was frustrated by a dramatic fall in stock markets there, but the proposal is being kept under review.

10

In my statement last year I said that our efforts would also be directed towards establishing ourselves and our products in Europe. Much time and effort has been devoted to this question but whilst some progress has been made it is too early to report any real results although we have achieved a modest improvement in exports to the Continent.

It would be foolish, however, not to recognise that almost the overriding concern of shareholders in recent months has been the general fall in share prices, including that of Glynwed. From a high figure in 1972 of over 230p, we have seen the share price fall by almost 75 per cent and this is particularly unfortunate where, in cases such as Glynwed, there has been a continued improvement in earnings per share over several years. However, from time to time, factors outside the control of your directors affect the stock market but whilst there are currently other avenues of investment which are obviously attractive, one must hope for a not-too-long delayed revival of interest in the equity of British industry.

Whilst shareholders might wish for a statement about the current year, I am sure they will appreciate the impossibility of making any real assessment of prospects at this stage.

Two of our principal markets, housing and the automotive industry, are likely to be running through a period of reduced activity for most of this year and the speed of their recovery will depend on governmental decisions. We shall therefore be looking to our steel re-rolling, distribution and stockholding businesses to help the rest of the group through the year.

The first three months have been badly disrupted and certain units have been operating at a reduced level of profitability whilst some have hovered on the edge of breaking even or have produced a small loss. Nevertheless, the order intake is being maintained and we have an order bank in some units which will carry them a long way through the year. Last year I said that we hoped we would reach the targets we had set and, overall, this was more than adequately borne out by results. This year it is difficult even to set realistic targets but I can assure shareholders that the group is in good heart and, given a revival in activity in British industry, we are set to resume the successful course of the last few years.

It is customary to end with an acknowledgment of the efforts of all our employees. This year it is even more earnestly said that the directors are aware of the trying conditions which have beset everyone in the group and we are sincerely grateful for their magnificent efforts during 1973 and of course over the recent very difficult months, when employees in individual companies have shown much initiative, enterprise and co-operation in a determination to overcome problems.

L. FLETCHER.
Chairman

Financial calendar and other information

Glynwed Limited

Publication of results

Full year's results for 1973	Announced 20th March 1974
Report and accounts for 1973	Posted to shareholders on 20th April 1974
Half year's results for 1974	To be announced on 7th August 1974

Annual general meeting

To be held on Tuesday, 14th May 1974

Dividend and interest payments

The pattern of dividend and interest payments is:

Ordinary shares: Final	21st May
Interim	3rd January
Preference shares	30th June and 31st December
7½% debenture stock	6th June and 6th December
9% unsecured loan stock	31st March and 30th September
10¾% unsecured loan stock	31st March and 30th September
6% convertible unsecured loan stock	30th June and 31st December

Finance Act 1965 and capital gains tax

The official price of Glynwed ordinary shares on 6th April 1965 was 148½p.

The adjusted official prices on 6th April 1965 of shares issued during the year to acquire Macready's Metal Company Limited are as follows:

Share consideration	
Ordinary share of 25p	39·583p
Share and cash consideration	
Ordinary share of 25p	39·434p

(The terms of the share and cash consideration exclude the right to defer any chargeable gain which may arise.)

Directors and officers of the company

Glynwed Limited

President

W. G. A. Russell, F.C.A.

Chairman

L. Fletcher, D.S.C., F.C.A.

Deputy Chairman

E. S. Baker

Executive Directors

G. Davies, F.C.A.
E. M. Harvey
M. A. Hastilow, B.Sc., B.Com.
R. S. Heinrich
W. W. Ingram
G. E. Richards, C.Eng., M.I.Mech.E.

Non-Executive Directors

J. D. Eccles
Lt.-Col. P. H. Gough, O.B.E.

Secretary

D. E. Drake, F.C.I.S.

Auditors

Coopers & Lybrand, Chartered Accountants
Birmingham, B16 8PN

Bankers

Midland Bank Limited
Lloyds Bank Limited
J. Henry Schroder Wagg & Co. Limited

Registrars

Midland Bank Limited, Registrar's Department,
Beaufort House, St. Botolph Street,
London, EC3A 7ED

Head Office

Dudley Road West, Tividale, Warley,
Worcestershire, B69 2PH
Telephone 021-557 6451

Registered Office

Oxford Street, Bilston, Staffordshire, WV14 7DS

Directors' report

Glynwed Limited

To be presented to the members at the annual general meeting of the company to be held at the Midland Hotel, Birmingham, on Tuesday, 14th May 1974, at 3 o'clock in the afternoon.

The directors have pleasure in submitting their report and the audited accounts of the company for the 52 weeks ended 29th December 1973.

1 Group results

£000

The group results are set out on page 22. The profit available for appropriation after providing for debenture and loan stock interest, taxation, minority interests and preference dividends is

7,313

2 Ordinary dividends

per share

£000

Your directors recommend payment of a final dividend of

4.00p

1,845

which together with the interim dividend already paid of

2.45p

1,114

makes a total for the year of

6.45p

2,959

This is equivalent to 9.2143p per share gross compared with 8.75p per share gross in 1972.

The interim dividend was paid on 3rd January 1974, the payment being deferred from the normal date because of the change to the imputation system of taxation.

The proposed final dividend of 4.0p per share is within the maximum permitted amount allowed under the Government's dividend restraint legislation and, if approved, will be paid on 21st May 1974, to members on the register at close of business on 19th April 1974.

3 Principal activities of the group

The principal activities of the group embrace the manufacture and distribution of components for the building industry such as copper and steel tubes and fittings, rainwater, soil and drain goods, lead sheets and pipes, steel flooring, stairways and handrails, plastic products and extrusions.

Heating and cooking appliances, bathroom and kitchen equipment are also manufactured for household and industrial uses. Other activities include the manufacture of hot rolled steel bars and sections, bright drawn steel bars and rods, hot forgings, cold forged bolts, bright and high tensile studs, engineering fastenings and general light castings.

The group also acts as steel stockholders, distributors of fastenings and bearings and as wholesale chemists to the retail trade.

The following is a general analysis of the turnover of the group together with the trading profit attributable thereto:

	Turnover	Profit
	1973	1973
	£000	£000
United Kingdom operations:		
Components for the building industry	33,654	4,221
Household and industrial appliances	34,901	1,385
Steel and engineering	33,102	3,033
Stockholding and distribution	53,817	5,533
	<u>155,474</u>	<u>14,177</u>
Overseas operations:		
Household and industrial appliances	16,140	1,653
	<u>171,614</u>	<u>15,830</u>

The profit is before charging debenture and loan stock interest

The geographical analysis of turnover is as follows:

	£000	%
South Africa	16,890	9.8
Europe	1,500	0.9
Asia and Australasia	801	0.5
The Americas	747	0.4
	<hr/>	<hr/>
Total overseas	19,938	11.6
United Kingdom	151,676	88.4
	<hr/>	<hr/>
	171,614	100.0

4 Exports

The sales value of direct exports from the United Kingdom during the period was £3,797,958.

The group is a supplier to many major exporting companies and our products form part of the exports of these companies; notable in this connection is the motor industry.

5 Acquisitions and issues of capital

The following transactions have taken place during the year:

- (a) The acquisition of the whole of the issued capital of Cardinal Steels Limited pursuant to an agreement dated 19th January 1973 with effect from 1st January 1973 for a cash consideration of £53,600 of which £26,800 falls due for payment on 19th July 1974.
- (b) The acquisition of the whole of the issued capital of James White (Shopfitters) Limited pursuant to an agreement dated 19th January 1973 for a cash consideration of £24,288.
- (c) The acquisition of the whole of the issued capital of Permatube Limited pursuant to an agreement dated 17th April 1973 with effect from 1st January 1973 for a cash consideration of £130,137.
- (d) The acquisition of the whole of the issued capital of Macready's Metal Company Limited pursuant to an offer to the shareholders dated 28th April 1973 with effect from 1st January 1973 by the issue of 2,796,234 ordinary shares of 25p each credited as fully paid and the payment of £1,995,610 in cash.
- (e) The acquisition of the balance of 30% of the share capital of Integrated Equipment Services Limited pursuant to an agreement dated 18th May 1973 with effect from 1st January 1973 and the discharge of the balance of the purchase price due under the original agreement dated 10th January 1972 by the issue of 47,512 ordinary shares of 25p each credited as fully paid.
- (f) The acquisition of the whole of the issued capital of Brent Metal Works Limited, Dalcon Joinery Limited and Hickman (Aircraft) Limited pursuant to an agreement dated 18th September 1973 with effect from 1st April 1973 for a cash consideration of £44,063.
- (g) The allotment to certain holders of the company's 9% unsecured loan stock 1974 on 3rd October 1973 of 653,946 ordinary shares of 25p each at £1 per share in response to elections made on 30th September 1973 in respect of the subscription and/or conversion rights attaching to such stock. See also note 18 on page 29.

6 Directors

The members of your board at 29th December 1973, all of whom have been directors for the whole of the period, are listed on page 6.

Mr. H. W. Oakley retired on 3rd May 1973 and Mr. N. Cashmore on 30th June 1973.

In accordance with the articles of association Mr. L. Fletcher, Mr. E. S. Baker and Mr. W. W. Ingram retire by rotation and, being eligible, offer themselves for re-election.

Lt.-Col. P. H. Gough will retire from the board at the close of the annual general meeting.

Directors' report

continued

7 Interests in shares, debenture and unsecured loan stocks of the company

The directors have interests (including family and other interests) in the share capital and unsecured loan stocks of the company according to the register kept under Section 29 of the Companies Act 1967 as follows:

	Number of shares or amount of stock held at			
	29th December 1973		31st December 1972	
	Sole beneficial owner	Family and other interests*	Sole beneficial owner	Family and other interests*
Ordinary shares of 25p each fully paid				
L. Fletcher	3,000	300	3,000	300
E. S. Baker	30,000	4,925	30,000	4,925
G. Davies	1,000	—	—	—
E. M. Harvey	117	1,000	117	400
M. A. Hastilow	1,025	400	1,025	400
R. S. Heinrich	20,000	9,000	20,000	9,000
W. W. Ingram	2,017	9,000	2,017	9,000
G. E. Richards	10,000	500	10,000	—
J. D. Eccles	1,000	470	1,000	470
Lt.-Col. P. H. Gough	60,000	295,000	20,000	35,000
Share ownership scheme ordinary shares of 25p each, 1p paid				
E. S. Baker	25,000	—	25,000	—
G. Davies	17,500	—	17,500	—
E. M. Harvey	20,000	—	20,000	—
M. A. Hastilow	17,500	—	17,500	—
R. S. Heinrich	17,500	—	17,500	—
W. W. Ingram	17,500	—	17,500	—
G. E. Richards	20,000	—	20,000	—
9% unsecured loan stock (cum rights)	£	£	£	£
M. A. Hastilow	35	—	35	—
9% unsecured loan stock (ex rights)				
G. E. Richards	2,114	—	2,114	—
10½% unsecured loan stock				
M. A. Hastilow	25	—	25	—
G. E. Richards	1,510	—	1,510	—

No change in the above holdings has been notified to the company in respect of the period 30th December 1973 to 20th March 1974.

No other interest of the directors (including family and other interests) in the share capital, debenture and unsecured loan stocks has been notified to the company.

So far as the directors are aware, no person or group of persons has an interest amounting to 10% or more in the ordinary share capital of the company.

* Including non-beneficial trustee holdings.

8 Directors' interests in contracts

The directors have no significant interest in any contract or arrangement entered into by the company or its subsidiaries other than their service agreements.

9 Share ownership scheme

The board resolved on 4th July 1973 that no further allotment under the scheme would be made and no shares were issued in 1973.

10 Share option scheme

By virtue of the share option scheme approved at the extraordinary general meeting held on 3rd May 1973, options may be offered from time to time to selected employees, including executive directors, of the Glynwed group to subscribe for ordinary shares in the company at the higher of the average market price on The Stock Exchange immediately prior to the granting of the option or the nominal value of the shares. The total number of shares for which options may be granted under the scheme is 1,635,639 ordinary shares and the consideration which option holders will pay is 1p for every 10 ordinary shares for which an option is granted. An option holder will be able to exercise the option and pay up the subscription price not earlier than four years nor later than seven years from the date the option was granted.

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

11 Employees

The average number of persons employed by the group in the United Kingdom in each week of the period was 16,491 and the aggregate gross remuneration paid or payable to them in respect of the period was £27,575,521.

12 Fixed assets

The movements of fixed assets during the period are set out on page 27.

There has been no recent independent valuation of the group's land and properties. These are utilized in the business of the group which is predominantly of an industrial nature.

The directors consider that the market value of the land and properties owned and occupied by the group is in excess of the book value but in relation to the group's affairs as a whole, this difference is not of such significance as to require the attention of members to be drawn thereto.

No provision has been made for any possible liability to taxation which might arise on a disposal of any property.

13 Political and charitable contributions

During the period the group made contributions for the following purposes:

	£
Charitable	13,702
Educational (universities)	4,774
Political	3,507
	<hr/>
	21,983

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

14 "Close" company

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

15 Auditors

The auditors, Coopers & Lybrand, will continue in office in accordance with section 159(2) of the Companies Act 1948.

Bilston, Staffordshire
20th March 1974

By order of the board
D. E. Drake
Secretary

Glynwed Limited

Building and Consumer Products

Glynwed Tubes & Structures Ltd.

The Wednesbury Tube Co.	Copper tubes and fittings Steel tubes and fittings Steel tube fabrication Brass tubes
Glynn Bros.	Lead sheet and pipes
Steelway	Steel flooring Steel stairways Steel handrails Steel fabrications
Coventry Tubes Permatube	Welded stainless steel and nickel alloy tubes

Glynwed Domestic & Heating Appliances Ltd.

Agaheat Appliances	Aga and Rayburn cookers and boilers
Falcon Catering Equipment Sidney Flavel & Co.	Catering Equipment Flavel gas cookers and fires
Leisure Domestic Division	Leisure gas cookers and fires

Glynwed Bathroom & Kitchen Products Ltd.

Vogue Bathrooms	Baths, Handbasins & Shower Trays
Leisure Kitchen Products	Sinks Handbasins Vanity units Shower cubicles Radiators
W. H. Paul	Stainless steel sinks and special fabrications

Steel and Engineering

Glynwed Steels Ltd.

George Gadd & Co. W. Wesson	Hot rolled steel bars Hot and cold rolled flats, bright drawn steel bars, rods and flats
Steel Parts	Bright drawn steel bars and rods, hot forgings
Clarke Pressings Joseph Gillott & Sons	General presswork Hot rolled steel and alloy bars and sections

Glynwed Screws & Fastenings Ltd.

Glynwed Fastenings	High tensile bolts
Hipkiss Slingsby	Steel tube fittings
Yarwood Ingram & Co.	Bright and high tensile studs
M. V. Engineering	Bright and high tensile studs
Tower Manufacturing	Semi-tubular rivets, masonry nails and cable clips

Glynwed Foundries Ltd.

Foundries located at: Coalbrookdale, Kirkintilloch Larbert, Larkhall, Skipton, Telford and Tipton	Rainwater, Soil and Drain Pipes and Fittings. Motor, Engineering and Appliance Castings Meehanite and S.G. Iron Castings Steel Castings.
---	---

Other divisions and trading companies

Glynwed Integrated Services Ltd.

Brent Metal Works	Architectural Metal workers
Dalcon Joinery	Joinery manufacturers and shopfitters
Integrated Equipment Services	Shop and display equipment suppliers and shopfitters
Syma System (UK)	Extruded aluminium shopfittings and exhibition systems
James White (Shopfitters)	Shopfitters
T.B. Mechanical Services/D.G.F.	Heating and air-conditioning, mechanical engineers

Glynwed Plastics Ltd.

Arlington Plastics J. Burns	Plastic Coated Fabrics Injection Moulding and automotive trim components
Jupiter Plastics	H.F. plastic welding and forming
Vulcathene and Enfield Plastics	Plastic sheet and pipe manufacture

Thames Bank Iron Co. Ltd.

Brass specialists in cast and wrought alloys

Glynwed Limited

Steel and Engineering

Glynwed Steels Ltd.

George Gadd & Co.
W. Wesson

Hot rolled steel bars
Hot and cold rolled flats,
bright drawn steel bars,
rods and flats

Steel Parts

Bright drawn steel bars
and rods, hot forgings

Clarke Pressings

General presswork

Joseph Gillott & Sons

Hot rolled steel and alloy
bars and sections

Glynwed Screws & Fastenings Ltd.

Glynwed Fastenings

High tensile bolts

Hipkiss Slingsby

Steel tube fittings

Yarwood Ingram & Co.

Bright and high tensile
studs

M. V. Engineering

Bright and high tensile
studs

Tower Manufacturing

Semi-tubular rivets,
masonry nails and
cable clips

Glynwed Foundries Ltd.

Foundries located at:
Coalbrookdale, Kirkintilloch
Larbert, Larkhall, Skipton,
Telford and Tipton

Rainwater, Soil and
Drain Pipes and Fittings.

Motor, Engineering and Domestic
Appliance Castings

Meehanite and S.G. Iron Castings.

Steel Castings.

Stockholding and Distribution

Glynwed Distribution Ltd.

Cashmores
Macreadys
Frank Stacey

Steel stockholders
Steel stockholders
Stainless steel stockholders

Dudley & Green

Stockists of all screwed
products

Lewthwaite Miller Bearings
W. Lewthwaite & Sons

Stockists of bearings
Stockists of chains and
sprockets

Miller Bridges Fastenings

Stockists of all screwed
products

Tern Screw Co.

Stockists of all screwed
products

Glynwed Wholesale Chemists Ltd.

Rudge Roberts

Wholesale supplies to
retail chemists

Rudge Roberts (Northern)

Wholesale supplies to
retail chemists

Fylde Laboratories

Wholesale supplies to
retail chemists

Other divisions and trading companies

Services Ltd.

Structural Metal workers
Manufacturers and
ers
and display equipment
ers and shopfitters
ed aluminium shopfittings
hibition systems
ters
g and air-conditioning,
nical engineers

Glynwed Plastics Ltd.

Arlington Plastics
J. Burns

Jupiter Plastics

Vulcathene and Enfield
Plastics

Plastic Coated Fabrics
Injection Moulding and
automotive trim components
H.F. plastic welding and vacuum
forming
Plastic chemical and domestic
waste drainage systems

Thames Bank Iron Co. Ltd.

Drain specialists and builders castings

Defy Industries Ltd.

South Africa

Manufacturing similar products to
Glynwed Bathroom & Kitchen
Products Ltd. and Glynwed
Domestic & Heating Appliances Ltd.,
also electric cookers and deep
freeze units.

Allied Ironfounders Pty Ltd.

Australia

Distributors

Building and Consumer Products

As one of the principal suppliers to the Building Industry, Glynwed enjoyed another successful year. The general decline in new house building was more than offset by privately financed or grant aided home improvements.

Demand for the copper tube and fittings for domestic water services made by The Wednesbury Tube Company was maintained at a very high level throughout 1973 and capacity continued to be a limiting factor. The dramatic increase in the price of copper, combined with the high level



of activity in all areas of operation, resulted in a sharp increase in the level of financing. Satisfactory results were achieved by Wednesbury's steel tube department, Steelway, Coventry Tubes and from the new acquisition, Permatube.

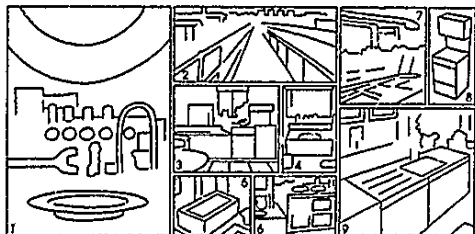
Glynwed's progress in consumer durables has continued throughout the past year, in all markets, with all companies operating on full order books. In particular the demand for Vogue baths and Leisure sinks reached record levels as did Aga and Rayburn cookers.

There was a resurgence of demand for solid fuel appliances for home heating in the latter part of the year which we were able to satisfy with our latest range of room heaters, boilers and open fires. There was also an increased demand for Agaheat gas fired boilers for central heating.

The market for Flavel and Leisure gas cookers and fires was adversely affected by the gas strike earlier in the year, but with completely new models we are well placed to take advantage as the demand returns.

Falcon Catering Equipment is a leading name for appliances and equipment for industrial catering and has had an excellent year with prospects of further considerable progress in 1974.

During the year the group's activities in building and consumer products were reorganised into sub-groups to deal with the markets served by our bathroom, kitchen and general building products. The benefits accruing from combined marketing skills and product development increase our confidence for the future.



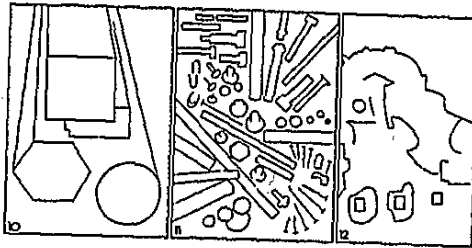
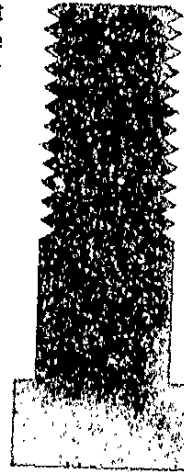
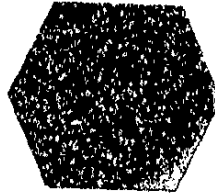
1. Components for Wednesbury Micro-bore central heating system.
2. Walkway at Haven Sewage Treatment Works, Colchester, produced by Steelway.
3. Leisure 76 Mk III de luxe split-level gas cooker.
4. Leisure Cuvette vanity unit.
5. Vogue Florida bath.

6. Aga gas-fired cooker, Model GCB.
7. Falcon Catering Equipment.
8. Flavel Diana gas cooker with eye level Snackmaster cooking compartment.
9. Leisure Prisma sink in cascade blue.

Steel and Engineering

In the steel division the benefits of centralised management and improved mechanism of our mills forecast last year have materialised; this is reflected in the record profits. In the latter half of the year the greatest problem has been to ensure an adequate supply of billets and slabs, and unless the raw material position improves we may be adversely affected in the future. The screws and fastenings division has had a successful year apart from some labour disruption in one of our factories. Demand has been high and many production improvements have been initiated. Demands on our foundries during 1973 exceeded capacity throughout the year. This has enabled our large automated plants to be used to advantage.

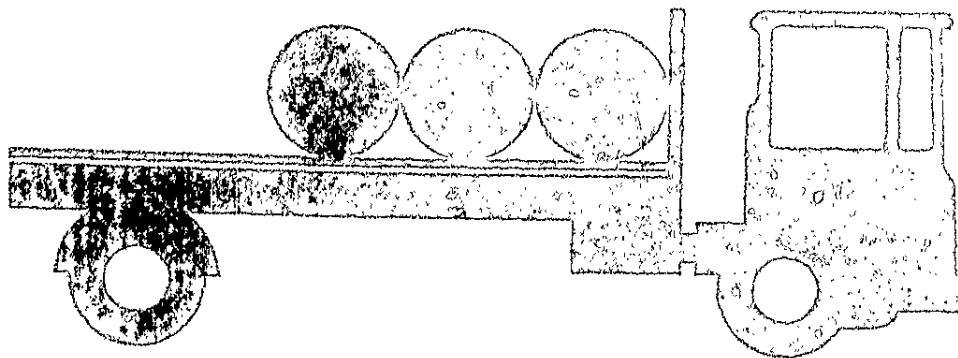
The very wide range of grey iron castings produced by Glynwed Foundries cover all industries – automotive, building and general engineering, and with the rationalisation and re-equipping which has taken place over the past year or two, the prospects are better than for many years.



10. Bright drawn steel by W. Wesson and Steel Parts.
11. Selection of products from Glynwed Screws & Fastenings Ltd.
12. Castings from Glynwed Foundries Ltd.

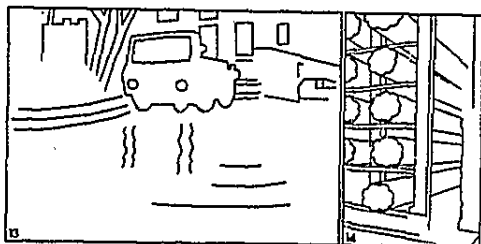
Stockholding and Distribution

23



1973 has been a record year for both steel stockholding and fastener distribution. In the former field the division has been strengthened by the acquisition of Macready's Metal Co. Ltd., the largest stockholder of bright and alloy bar in the country. Steel shortages and severe cuts in allocation by the British Steel Corporation have provided problems, but these have been overcome by purchases from many overseas countries which have enabled us to remain in the forefront of this industry. Sales of fasteners have increased considerably and the opening of a new depot in Leeds has proved an immediate success, as has also the opening of bearing depots at Aldridge and Birmingham.

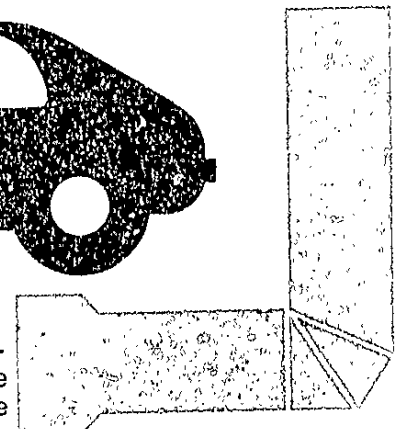
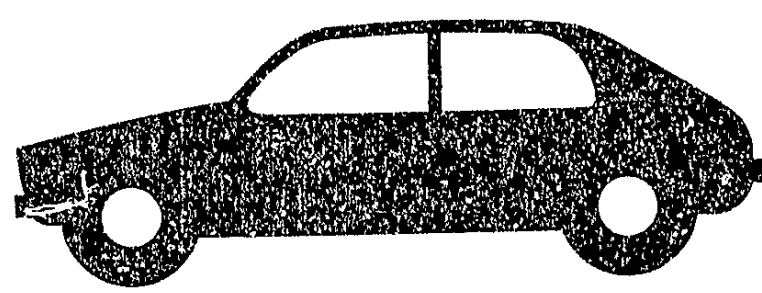
The wholesale chemists' division continues to make good progress in this specialised field of our distribution activities.



13. An early delivery of steel by Macreadys.

14. Steel stock in one of Cashmores depots.

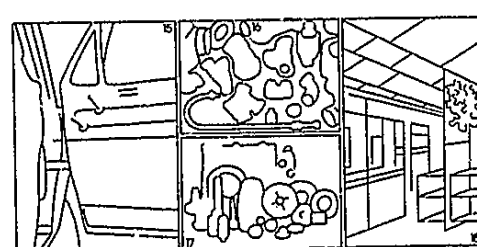
Other divisions and trading companies



All units in the Glynwed plastics division underwent a complete investigation during the course of the year. Certain unprofitable activities were sold or closed and production facilities concentrated to provide improved throughput and cost savings. The companies in this division are already showing considerable improvement and should now begin to contribute to group profitability.

During 1974 Glynwed's interest in the fitting and equipping of shops and supermarkets has been reorganised under the divisional company Glynwed Integrated Services Limited and expanded by the acquisition of James White (Shopfitters), Newcastle-upon-Tyne, Dalcon Joinery, Glasgow and Brent Metals, London. These companies together with Integrated Equipment are able to contract over the whole country and place Glynwed in a very strong position in this market and promise rapid growth in 1974 and the future.

Also operating under the division of Glynwed Integrated Services Limited are T.B. Mechanical Services and D.G.F. These companies are involved in heating and ventilating systems, pipework and sprinkler systems.



15. Interior door trim for Ford Transit by J. Burns.
16. Plastic Chemical waste and drainage fittings by Vulcathene and Enfield Plastics.
17. Selection of other plastic products manufactured by Vulcathene and Enfield Plastics.
18. Syma shopfitting system supplied by Glynwed Integrated Services Ltd.

Accounting policies

Glynwed Limited and subsidiary companies

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

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. All internal sales and profits are eliminated on consolidation so that the figures shown by the consolidated accounts relate to external transactions only.

The profits of newly acquired subsidiaries are dealt with as follows:

- (a) Companies purchased with effect from dates prior to the parent company's last balance sheet are included for one year from that date and their profits prior to that date are included in extraordinary items in the consolidated profit and loss account.
- (b) Companies whose effective dates of acquisition fall in the current year are included for the period from the date of the last balance sheet of the new subsidiary or the parent company whichever is the later. The pre-acquisition proportion thereof is shown as a deduction in the consolidated profit and loss account.

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.

Fixed assets

Depreciation is calculated to write off the assets as follows:

- (i) Freehold buildings at 2% per annum on valuation or cost with certain additions since 1964 at 4%.
 - (ii) Leasehold land and buildings over 50 years or the period of the lease whichever is the less.
 - (iii) Plant, equipment and vehicles by equal instalments over a period of from 3 to 14 years according to type of asset and expected life.
- Depreciation is calculated on the gross value of assets without any deduction for investment grants.

Investment grants

Investment and other Government grants in respect of capital expenditure have been taken to an investment grant deferred credit account which is deducted from the net book value of fixed assets (note 13 on page 27). An appropriate proportion is credited annually in the consolidated profit and loss account by reference to the average life of the relevant fixed assets.

Stocks and work in progress

Stocks and work in progress are consistently valued at the beginning and end of the year. The basis of valuation is the lower of cost and net realisable value, with the exception of copper stock, where, due to the method of trading, copper in transit, in stock, in process of manufacture and in finished goods has, to the extent that it has been contracted to be sold forward, been valued at the net realisable value of the metal element forming part of the sale price. Where not sold forward it has been valued at the lower of cost and the ruling market price at the balance sheet date. Cost in the case of products manufactured by companies in the group consists of direct material and labour costs and relevant fixed and variable works overheads.

Deferred taxation

This represents tax at 50% on the excess of the equivalent net book values of fixed assets over the corresponding written down values for taxation purposes and is adjusted by taxation on transactions included in the accounts but not allowed or allowable for taxation purposes until subsequent financial periods. Advance corporation tax imputed from dividends and available for subsequent off-set against corporation tax liabilities is deducted from the balance of deferred taxation in the consolidated accounts.

Foreign currencies

Assets and liabilities of overseas subsidiaries are converted into sterling at the rate 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. Normal exchange differences on revenue transactions are reflected in the profits of the year. Differences arising as a result of a major revaluation of currencies are dealt with as extraordinary items in the profit and loss account.

Research and development

Research and development expenditure in the various operating units of the group is charged to profits in the year in which it is incurred.

Extraordinary items

It is the group's policy to arrive at the trading profit reflecting normal business conditions. Only profits and losses which are completely outside the normal current trading operations are treated as extraordinary and shown separately in the profit and loss account.

Consolidated profit and loss account

Glynwed Limited and subsidiary companies

for the 52 weeks ended 29th December 1973

	Notes	1973	1972
	1	£000	£000
Turnover	2		
Home		151,676	113,633
Overseas (including exports)		19,938	12,547
		<u>171,614</u>	<u>126,180</u>
Group trading profit	3	15,830	12,784
Debenture and loan stock interest	4	1,825	1,754
Group profit before taxation		14,005	11,030
Taxation	5	6,518	4,313
Group profit after taxation		7,487	6,717
Minority interests		1	9
		7,486	6,708
Extraordinary items	6	103	220
		7,383	6,488
Preference dividends	7	70	100
Profit attributable to ordinary shareholders		7,313	6,388
Ordinary dividends	7	2,959	3,677
Profit retained	8	4,354	2,711
Earnings per share — basic	9	16.25p	15.72p
— fully diluted		15.28p	14.61p

Notes on accounting policies, page 21.

Notes on accounts, pages 25 to 29.

Consolidated balance sheet

Glynwed Limited and subsidiary companies

at 29th December 1973

	Notes	1973 £000	1972 £000
Employment of funds			
Current assets			
Stocks and work in progress		34,215	25,430
Debtors, bills receivable and prepayments		42,374	28,341
Bank and cash balances		478	652
		<u>77,067</u>	<u>54,423</u>
Current liabilities			
Creditors and accrued charges		29,769	19,154
Bank overdrafts and other short term borrowings		11,882	3,742
Current taxation	11	9,174	6,981
Proposed dividends		2,959	3,006
		<u>53,784</u>	<u>32,883</u>
Net current assets		23,283	21,540
Fixed assets	13	29,052	24,317
Trade investments	14	1,313	1,415
Goodwill arising on consolidation		10,052	6,132
		<u>63,700</u>	<u>53,404</u>
Source of funds			
Ordinary shares issued	15	11,533	10,658
Reserves	16	26,674	17,492
		<u>38,207</u>	<u>28,150</u>
Preference shares issued	15	1,291	1,291
Total share capital and reserves		39,498	29,441
Loan capital	18	21,248	21,879
Deferred taxation	19	2,940	2,070
Minority interest		14	14
L. Fletcher	} Directors		
E. S. Baker		<u>63,700</u>	<u>53,404</u>

Notes on accounting policies, page 21.

Notes on accounts, pages 25 to 29.

Balance sheet

Glynwed Limited

at 29th December 1973

	Notes	1973 £000	1972 £000
Employment of funds			
Current assets			
Debtors and prepayments		12	1
Bank and cash balances		41	152
		<u>53</u>	<u>153</u>
Current liabilities			
Creditors and accrued charges		926	707
Bank overdrafts and other short term borrowings		16,516	4,155
Current taxation	11	1,300	710
Proposed dividends		2,959	3,006
		<u>21,701</u>	<u>8,578</u>
Net current liabilities		(21,648)	(8,425)
Interest in subsidiaries	12	77,625	57,669
Trade investments	14	1,308	1,406
Advance corporation tax recoverable	19	1,268	—
		<u>58,553</u>	<u>50,650</u>
Source of funds			
Ordinary shares issued	15	11,533	10,658
Reserves	16	24,621	16,924
		<u>36,154</u>	<u>27,582</u>
Preference shares issued	15	1,291	1,291
Total share capital and reserves		<u>37,445</u>	<u>28,873</u>
Loan capital	18	21,248	21,879
Deferred taxation		(140)	(102)
L. Fletcher	} Directors	<u>58,553</u>	<u>50,650</u>
E. S. Baker			

Notes on the accounts

Glynwed Limited and subsidiary companies

1 Comparative figures

The figures for 1973 include those of new subsidiary companies acquired during the year. The turnover and profits before taxation of these companies amounted to £13,420,000 and £1,070,000 respectively.

2 Turnover

Turnover represents sales of goods and services at invoice value excluding purchase and value added taxes. For an analysis of the group's activities and the turnover and profitability of each activity see item 3 of the directors' report, page 7.

3 Group trading profit

	1973 £000	1972 £000
This is stated after crediting:		
Income from quoted investments (1973 gross equivalent £107,000)	79	21
Income from unquoted investments	2	2
Interest on deposits and loans	4	14
	<u>85</u>	<u>37</u>
and is after charging:		
(a) Depreciation charged against trading profit after crediting:	2,944	2,655
Transfer from investment grant deferred credit account	248	249
Depreciation charged to terminal losses	—	268
Depreciation provision for the year (see note 13)	<u>3,192</u>	<u>3,172</u>
(b) Emoluments of directors of Glynwed Limited:		
As directors	6	6
As executives	182	160
Pension paid to former executive director	1	1
	<u>189</u>	<u>167</u>
(c) Auditors' remuneration:		
Glynwed Limited (including £4,000 in respect of 1972)	13	5
Subsidiary companies	101	85
	<u>114</u>	<u>90</u>
(d) Interest on bank overdrafts and short term borrowings	<u>959</u>	<u>317</u>
(e) Hire of plant, equipment and vehicles	<u>255</u>	<u>176</u>

4 Debenture and loan stock interest

7½% debenture stock	265	192
9% unsecured loan stock	569	680
10½% unsecured loan stock	633	633
6% convertible unsecured loan stock	358	187
7½% debenture stock of John Cashmore Limited prior to conversion	—	—
	<u>1,825</u>	<u>1,754</u>

5 Taxation

On the profit of the year:		
United Kingdom corporation tax at 40% for the 3 months ended 31st March 1973 and 50% thereafter (1972 40%)	4,797	3,629
Double taxation relief	4	4
	<u>4,793</u>	<u>3,625</u>
Overseas taxation	623	227
Transfer to deferred taxation	<u>1,164</u>	<u>621</u>
	<u>6,580</u>	<u>4,473</u>
Prior year adjustments:		
Corporation tax	(172)	(185)
Deferred taxation (of which £694,000 is due to change of rate from 40% to 50%) (1972 nil)	781	25
Adjustment for advance corporation tax	<u>(671)</u>	<u>—</u>
	<u>6,518</u>	<u>4,313</u>

The charge for United Kingdom corporation tax of £4,797,000 is after deducting £137,000 for notional advance corporation tax relief available under the transitional provisions.

6 Extraordinary items	1973 £000	1972 £000
Professional and other charges in connection with an abortive bid	58	
Goodwill written off	45	
Terminal losses net of sundry credit adjustments and taxation relief of £134,000	—	220
	<u>103</u>	<u>220</u>

7 Dividends		
Preference dividends	<u>70</u>	<u>100</u>
The total preference dividends for the year are equivalent to £100,000 gross		
Ordinary dividends		
Interim dividend paid of 2.45p per share	1,114	1,439
Proposed final dividend of 4.00p per share	<u>1,845</u>	<u>2,238</u>
6.45p per share	<u>2,959</u>	<u>3,677</u>

The total ordinary dividends for the year amounting to 6.45p per share are equivalent to 9.2143p per share (£4,227,000) gross compared with 8.75p per share (£3,677,000) gross for 1972.

8 Profit retained	1973 £000	1972 £000
By Glynwed Limited	3,236	2,611
By subsidiary companies	<u>1,118</u>	<u>100</u>
	<u>4,354</u>	<u>2,711</u>

9 Earnings per share
 The basic earnings per share is calculated on earnings of £7,416,000 (1972 £6,501,000) and 45,640,000 ordinary shares of 25p each (1972 41,359,000 shares).
 Earnings and issued shares have been adjusted in respect of basic and fully diluted earnings to take account of the acquisition of new subsidiaries during each year whether for shares, loan stock or a combination of both.
 The fully diluted earnings per share is based on adjusted earnings of £7,694,000 (1972 £6,921,000) and adjusted shares of 50,337,000 (1972 47,358,000 shares). Earnings and shares assume that the remaining holders of 9% unsecured loan stock 1974 and the holders of 6% convertible unsecured loan stock 1983/85 have exercised in 1972 and 1973 the conversion rights described in note 18 on page 29 of the accounts.
 Due to the change in the rate of corporation tax from 40% to 50% the earnings per share for 1973 and 1972 are not comparable. The calculation of basic and fully diluted earnings per share for 1972 at the same rate of tax as 1973 would be 13.79p and 12.85p respectively.

10 Directors' and employees' remuneration	1973	1972
Particulars of directors' remuneration excluding pension contributions are as follows:		
Chairman	£22,002	£15,502
Highest paid director in excess of the chairman	—	£17,376
The number of other directors whose emoluments fall within the following ranges are:		
Up to £2,500	1	3
£2,501 to £5,000	3	1
£12,501 to £15,000	1	6
£15,001 to £17,500	5	—
£20,001 to £22,500	1	—
The chairman's remuneration was increased during 1972 when he assumed full-time responsibilities; there has been no change in 1973.		
Number of employees of the group within the United Kingdom whose emoluments fall within the following ranges are:		
£10,001 to £12,500	4	4
£12,501 to £15,000	2	3

Notes on the accounts

continued

11 Current taxation

Included in current taxation for 1973 is an amount of £1,268,000 in respect of advance corporation tax payable on the interim and final dividends. The liability to corporation tax on the 1973 profits has been relieved by an amount of £674,000 (Glynwed Limited £14,000) in respect of advance corporation tax paid during 1973.

12 Interest in subsidiaries

	1973 £000	1972 £000
Shares at or under cost	52,246	45,571
Amounts owing from subsidiaries	41,075	28,189
	93,321	73,760
Amounts owing to subsidiaries	15,696	16,091
	<u>77,625</u>	<u>57,669</u>

A list of the principal trading subsidiaries is given on page 30

13 Fixed assets

	Land and buildings Freehold	Leasehold (long leases)	(short leases)	Plant, equipment and vehicles	1973 Total fixed assets £000	1972 Total fixed assets £000
Cost and valuation	£000	£000	£000	£000	£000	£000
At 30th December 1972	18,093	240	708	34,868	53,909	45,700
Exchange adjustment	598	—	—	584	1,182	320
New subsidiaries	1,660	—	9	1,749	3,418	6,839
Additions at cost	1,275	2	92	3,699	5,068	3,973
Disposals	(333)	—	—	(1,443)	(1,776)	(2,923)
At 29th December 1973:						
Cost	9,949	242	728	32,258	43,177	36,668
Valuation (see below)	11,344	—	81	7,199	18,624	17,241
	<u>21,293</u>	<u>242</u>	<u>809</u>	<u>39,457</u>	<u>61,801</u>	<u>53,909</u>
Accumulated depreciation						
At 30th December 1972	6,094	15	201	21,789	28,099	23,282
Exchange adjustment	124	—	—	348	472	101
New subsidiaries	13	—	9	956	978	3,259
Provision for the year	361	4	17	2,810	3,192	3,172
Disposals	(157)	—	—	(1,108)	(1,265)	(1,715)
At 29th December 1973	<u>6,435</u>	<u>19</u>	<u>227</u>	<u>24,795</u>	<u>31,476</u>	<u>28,099</u>
Net book value						
At 29th December 1973	<u>14,858</u>	<u>223</u>	<u>582</u>	<u>14,662</u>	<u>30,325</u>	
At 30th December 1972	<u>11,999</u>	<u>225</u>	<u>507</u>	<u>13,079</u>		<u>25,810</u>
Deduct:						
Investment grant deferred credit account					<u>1,273</u>	<u>1,493</u>
					<u>29,052</u>	<u>24,317</u>

Valuations have been incorporated in fixed assets as follows:

	Land and buildings Freehold	Leasehold (short leases)	Plant, equipment and vehicles
	£000	£000	£000
<i>Professional valuations</i>			
1953	827		
1955	187		
1956	68		
1960	233		
1963		16	108
1964	53	65	7,079
1967			9
1968			3
1969	1,732		
1970	365		
1972	1,458		
<i>Directors' valuations</i>			
1964	6,301		
1970	130		
	<u>11,344</u>	<u>81</u>	<u>7,189</u>

14 Trade investments

	Group		Glynwed Limited	
	1973	1972	1973	1972
	£000	£000	£000	£000
Quoted equity shares, at cost	1,283	1,381	1,283	1,381
Unquoted equity shares, at cost	30	34	25	25
	<u>1,313</u>	<u>1,415</u>	<u>1,308</u>	<u>1,406</u>

Market value of quoted shares at 29th December 1973	<u>1,483</u>	<u>2,283</u>	<u>1,483</u>	<u>2,283</u>
---	--------------	--------------	--------------	--------------

The following information is given in respect of the investment in unquoted equity shares:

	% of issued share capital	Directors' valuation £000	Cost of investments 1973 £000	1972 £000
Associated companies				
Held by Glynwed Limited:				
25,000 ordinary shares of £1 each in European Plumbing Materials Ltd.	50%	25	25	25
Held by subsidiary company:				
Ordinary shares of £1 each in Kind Store Equipment Ltd.	—	—	—	4
Other				
Held by subsidiary company:				
15,000 ordinary shares of £1 each in Irish Foundries Ltd. (incorporated in Eire)	12.7%	<u>28</u>	<u>5</u>	<u>5</u>
		<u>53</u>	<u>30</u>	<u>34</u>

European Plumbing Materials Ltd. did not trade during 1973 and made neither profit nor loss. No loan capital has been created.

15 Share capital

	Authorised No. of shares 000 £000		Issued No. of shares 000 £000	
Ordinary Shares of 25p each				
Balance at 30th December 1972	56,517	14,129	43,108	10,658
Issued to stockholders exercising rights under 9% unsecured loan stock (see note 18, page 29)			654	164
Issued during the year in connection with the acquisition of new subsidiaries			<u>2,843</u>	<u>711</u>
Balance at 29th December 1973:				
Issued and fully paid			46,110	11,528
Share ownership scheme 1p per share paid			<u>495</u>	<u>5</u>
	<u>56,517</u>	<u>14,129</u>	<u>46,605</u>	<u>11,533</u>
5.425% (formerly 7.3% gross) Cumulative Preference Shares of £1 each fully paid	<u>1,291</u>	<u>1,291</u>	<u>1,291</u>	<u>1,291</u>

16 Reserves

	Share premium £000	Retained profit		Total £000
		Not available for distribution £000	Available for distribution £000	
Group				
Balance at 30th December 1972	7,872	—	9,620	17,492
Premium on shares issued	4,518			4,518
Issue expenses	(68)			(68)
Exchange adjustment		680	378	1,058
Reduction of goodwill on consolidation		(680)		(680)
Profit retained			<u>4,354</u>	<u>4,354</u>
Balance at 29th December 1973	<u>12,322</u>	<u>—</u>	<u>14,352</u>	<u>26,674</u>
Glynwed Limited				
Balance at 30th December 1972	7,872	838	8,214	16,924
Premium on shares issued	4,518			4,518
Issue expenses	(68)			(68)
Dividend from subsidiary company out of profit of prior years			11	11
Profit retained			<u>3,236</u>	<u>3,236</u>
Balance at 29th December 1973	<u>12,322</u>	<u>838</u>	<u>11,461</u>	<u>24,621</u>

Notes on the accounts

continued

17 Profit retained overseas

The revenue reserves of an overseas subsidiary company amounting to approximately £4,049,000 would be subject to additional taxation if remitted.

18 Loan capital

	1973 £000	1972 £000
7½% debenture stock 1989/94	3,528	3,528
9% unsecured loan stock 1974:		
Cum rights	2,876	4,184
Ex rights	2,994	2,317
10½% unsecured loan stock 1994/99	5,886	5,886
6% convertible unsecured loan stock 1983/85	5,964	5,964
	<u>21,248</u>	<u>21,879</u>

7½% debenture stock 1989/94

The stock is secured under a trust deed dated 15th December 1967 and first and second supplemental trust deeds dated respectively 7th June 1968 and 1st December 1972, by a first floating charge on the undertaking, property and assets, both present and future, including any uncalled capital, of the company and by joint and several guarantees (secured by first floating charges on their undertakings, property and assets, both present and future, including any uncalled capital) by certain of the company's wholly-owned subsidiaries. The stock is redeemable at par on or before 6th December 1994 but not earlier than 6th December 1989 otherwise than by purchase in the market or by tender, available alike to all holders of the stock at any price, or by private treaty at a price exclusive of accrued interest and expenses not exceeding £105 per cent. Stock once redeemed may not be reissued.

Commencing in the year ending 6th December 1974 there is a sinking fund requirement calculated to redeem not less than £1,411,181 of the stock by 6th December 1993. Interest, which is also secured, is payable half-yearly on 6th June and 6th December. The gross interest of £17,910 accrued to 29th December 1973 has been included in creditors and accrued charges.

9% unsecured loan stock 1974

The stock was created under a trust deed dated 27th November 1969 which provides, *inter alia*, that:

(a) Stockholders shall have the following rights to obtain ordinary shares of 25p each in respect of their holdings:

(i) Rights are exercisable either in whole or in part in any of the years 1971 to 1974 to subscribe for 50 ordinary shares of 25p each at the price of £1 per share for every £100 nominal of the stock.

(ii) Alternatively, the stockholder may in respect of every £100 nominal value of the stock, convert £50 nominal value into 50 ordinary shares of 25p each.

(b) Any unconverted stock will be repaid at par on 31st December 1974.

As a result of the exercise of rights by stockholders at 30th September 1973 £631,389 of the stock was cancelled, £61 of the stock was redeemed for cash at par and the balance of £5,869,858 was classified as shown above (see also directors' report, paragraph 5g).

10½% unsecured loan stock 1994/99

The stock was created under a trust deed dated 27th November 1969 which provides, *inter alia*, that the stock will be repaid at par by 31st December 1999 but the company is entitled to repay the whole or any part at 3 months' notice at any time after 31st December 1994.

6% convertible unsecured loan stock 1983/85

The stock was created under a trust deed dated 6th July 1972 which provides, *inter alia*, that:

(a) Stockholders shall have the right, exercisable either in whole or in part, in any of the years 1975 to 1983, to convert 260p in nominal amount of the stock into one ordinary share of 25p.

(b) Any unconverted stock will be repaid at par on 31st December 1985.

19 Deferred taxation

	£000
Deferred taxation at 50%	4,208
Advance corporation tax available for set off	1,268
	<u>2,940</u>

20 Capital expenditure

	Group	Glynwed Limited
	1973 £000	1972 £000
Authorised by the board but not contracted	731	1,286
Contracted but not provided	3,510	1,277
Total expenditure approved	<u>4,241</u>	<u>2,563</u>

Principal trading subsidiaries

Glynwed Limited

The following is a list of the company's principal trading subsidiaries at 29th December 1973, all of which, unless otherwise stated, are wholly owned. The capital in each case consists wholly of ordinary shares unless otherwise indicated.

Registered in England or Scotland and operating in the United Kingdom

Glynwed Tubes & Structures Ltd.
Glynwed Baths Ltd.
Glynwed Domestic & Heating Appliances Ltd.
Glynwed Foundries Ltd.
Glynwed Plastics Ltd.
Glynwed Steel Pressings Ltd.
Glynwed Steels Ltd.
Glynwed Screws & Fastenings Ltd.
Glynwed Distribution Ltd.
Glynwed Wholesale Chemists Ltd.
Glynwed Group Services Ltd.
Allied Ironfounders Ltd.
Thames Bank Iron Co. Ltd.
T.B. Mechanical Services Ltd.
Crackley Ltd.
Macready's Metal Company Ltd.
Cardinal Steels Ltd. (including preference shares)
*Gillotts Forge and Rolling Mills Ltd.
Permatube Ltd.
Integrated Equipment Services Ltd.
Dalcon Joinery Ltd. (including preference shares)
Brent Metal Works Ltd.
Hickman (Aircraft) Ltd.
*James White (Shopfitters) Ltd. (including preference shares)
*Syma System (UK) Ltd.
*Kind Store Equipment Ltd. (55% owned)
D.G.F. Ltd.
Flavel Foundries Ltd.

Incorporated and operating in South Africa

Defy Industries Ltd.

Incorporated and operating in Australia

Allied Ironfounders Pty. Ltd.

* Shares held by subsidiaries of Glynwed Limited.

36

Source and application of funds

Glynwed Limited and subsidiary companies

Source of funds	1973 £000	1972 £000
Profit attributable to ordinary shareholders	7,313	6,388
Depreciation less transfer from investment grant deferred credit account	2,944	2,923
Increase in share and loan capital	244	7,551
Premium less expenses on issue of shares	4,450	1,090
Exchange adjustment	386	123
Disposal of fixed assets	511	1,208
Increase in deferred taxation	740	677
Increase in minority interest	—	14
Decrease in trade investments	102	—
	<u>16,690</u>	<u>19,974</u>

Application of funds

Acquisition of interests in new subsidiaries	6,988	11,224
Capital expenditure adjusted for investment grants	5,099	3,804
Increase in trade investments	—	1,138
Increase in net current assets	1,644	131
Ordinary dividends	2,959	3,677
	<u>16,690</u>	<u>19,974</u>

The individual items above are shown after excluding, where appropriate, movements resulting from the acquisition of subsidiaries during the year.

Comparison of results

Glynwed Limited and subsidiary companies

		1969
		£000
Turnover		61,783
Consolidated profit		
Profit before charging interest and taxation		5,588
<i>Less</i>		
Interest on bank overdrafts and other short term borrowings		286
Trading profit		5,302
Debenture and unsecured loan stock interest		560
Profit before taxation	Note 1	4,742
<i>Less</i>		
Taxation		2,183
Minority interests		68
Pre-acquisition profit		—
Surplus for the year		2,491
Preference dividend		—
Ordinary dividend		1,730
Profit retained	Note 1	761
		2,491
Net assets employed		
Fixed assets		17,827
Net current assets		19,189
		37,016
Financial assets		—
Ordinary shares issued		7,360
Reserves		11,708
Ordinary shareholders' funds		19,068
Preference shares issued		—
Total share capital and reserves		19,068
<i>Less</i>		
Goodwill arising on consolidation		5,817
		13,251
Debenture and unsecured loan stocks		16,627
Deferred taxation		931
Minority interests		1,314
		32,123
Bank overdrafts and other short term borrowings		4,893
		37,016

Note 1. Before charging or crediting extraordinary items.

1970

£000

73,387**1971**

£000

85,787**1972**

£000

126,180**1973**

£000

171,614

6,939

9,445

13,101

16,789

331333317959

6,608

9,112

12,784

15,830

1,5621,5551,7541,8255,0467,55711,03014,005

2,006

2,816

4,313

6,518

45

—

9

1

—

84

—

—

2,9954,6576,7087,486

50

100

100

70

2,139

2,869

3,677

2,959

806

1,688

2,931

4,457

2,9954,6576,7087,48643,377

20,845

24,317

29,052

19,34721,02426,69736,47837,72441,86951,01465,530

7,506

8,648

10,658

11,533

11,75813,58317,49226,674

19,264

22,231

28,150

38,207

1,2911,2911,2911,29120,55523,52229,44139,498

5,817

2,515

6,132

10,052

14,73821,00723,30929,446

16,627

16,338

21,879

21,248

1,015

1,293

2,070

2,940

—

—

14

14

32,38038,63847,27253,648

5,344

3,231

3,742

11,882

37,72441,86951,01465,530

Note: 2. In 1969 the company acquired Allied Ironfounders Ltd and its subsidiaries and only 9 months' results of that group are included

29

Notice of meeting

Glynwed Limited

Notice is hereby given that the thirty-third annual general meeting of Glynwed Limited will be held at the Midland Hotel, Birmingham, on Tuesday the 14th day of May 1974, 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 29th December 1973.
2. To declare a final dividend.
3. To elect directors.

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.

Bilston, Staffordshire
20th April 1974

By order of the board,
D. E. Drake
Secretary

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 later than 3 p.m. on 11th May 1974. 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 has given to 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 (Saturdays and public holidays excluded) from 20th April 1974 to 13th May 1974, inclusive and at the place of the meeting for 15 minutes prior to the meeting and during the meeting.