

Glynwed Limited
Report and Accounts 1979

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G E L Y N W E D



Glynwed Limited Report and Accounts 1979

GLYNWED

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Financial Highlights

		1979 £000	1978 £000
Turnover		345,521	316,437
Group trading profit		23,385	19,978
Interest charges		4,701	3,898
Group profit before taxation		18,684	16,080
Group profit attributable to ordinary shareholders		11,061	10,838
Ordinary dividends		5,974	5,973
Group profit retained		5,087	4,865
Operating assets employed		118,728	105,052
Capital expenditure		9,001	8,101
Depreciation		4,904	4,413
Earnings per ordinary share	basic	19.29p	17.87p
	fully diluted	18.87p	17.38p
Dividends per ordinary share		9.15p	9.15p



L. Fletcher
Chairman

Results and dividends

It seems inevitable that every year brings its own difficulties. In January 1979 we suffered the effects of the haulage dispute, which probably cost the group some £500,000 in profits and in the autumn the engineering strike further reduced profits by something in excess of £1 million.

Despite these setbacks, however, the group achieved profits before taxation of £18·684 million which are the highest on record for Glynwed, although as the result of a higher tax charge than in 1978, and a net amount set aside for extraordinary items of £1·534 million, the amount available for ordinary shareholders is about the same as last year. In these circumstances your directors have decided to recommend the same net final dividend as last year, of 6·70p per share, which together with the interim dividend already paid makes a total of 9·15p per share for the year.

The amount of £1·534 million after taxation, in respect of extraordinary items represents principally the costs of the continuing rationalisation of the group, and includes sums in respect of redundancy and closures which have taken place during 1979 and during the early part of the current year. It is hoped that these amounts represent almost the end of the long period of rationalisation which has been undertaken by the group since the mid nineteen seventies and which has laid the base for the positive growth of the company.

The year's activities

The prime improvement in profitability in the United Kingdom came from the Building and Consumer Products Divisions: in particular, the Wednesbury Tube Company recovered from the effects of the strike in 1978 although it has yet to regain its former market share. At the same time, the new acquisition of William Embley made its first contribution to the profits of that division. Most other United Kingdom companies showed improvements over 1978 and I should refer to the Foundries Division which towards the end of the year was beginning to show the results of much effort which has gone into that particular sector.

Our South African company showed a considerable improvement in the second half of the year due to a remarkable upsurge in the economy. During the course of 1979 we and our partners in South Africa, The General Electric Company of America, acquired the outside shareholdings, thus eliminating all public holdings in Defy; as a result the quotation was withdrawn from the Johannesburg Stock Exchange and Glynwed now owns 74·19% with the balance being held by General Electric.

Chairman's Statement 1979-1980

There still remain one or two difficult areas in the United Kingdom; the plastic window frame business is not yet fully into its stride but hopefully the current year will produce an acceptable level of demand and profitability, whilst Manu-Felt has been closed down due to a much diminished demand for its products.

Acquisitions

On 31st August we made our first major investment in the United States with the purchase of the Breman Steel Company Inc., at a cost of US\$7.6 million (£3.5 million). This company which is based in Atlanta, Georgia, is in business as a steel stockholder and fabricator.

On 29th September we acquired 95% of the share capital of La Dauphinoise SA in France at a cost of Ff11.8 million (£1.3 million), and as a result have added a European dimension to our Screws and Fastenings Division. In both these cases, the early months are showing improvements over the previous profit bases and we are looking, this year, for a return of at least 25 per cent on the costs of these acquisitions.

Financing

During the year borrowings increased by £11 million as a result of the acquisitions mentioned above, capital expenditure of £9 million and the continued increase in working capital caused by inflationary pressures. However, our total borrowing facilities are well in excess of current requirements.

General

The year saw a change in government with the inevitable consequences of policy changes and we have yet to see any real effects of the attempts to control the money supply more severely. So far Glynwed has not been seriously affected by the recession which has been so widely forecast but the general level of activity is receding. However, over the years British, and in particular, West Midlands industry has suffered many similar pressures and I am certain that we can cope as well with today's problems as we have done in the past.

Prospects

Yet again the new year started with a serious industrial disruption, this time in the steel industry, but I believe that I can say that Glynwed as a whole has not been unduly damaged by that long lasting dispute. Despite this setback we shall be trying to improve our results in 1980.

Acknowledgements

I am delighted to say that during the year Mr. D. L. Milne joined the group as Finance Director, whilst after the end of the year Mr. J. M. Hill, who has been with the company for more than 40 years and is Chief Executive of Glynwed Tubes & Fittings Ltd., also joined the Glynwed board.

I am sure that they will both make valuable contributions to the board in the coming years.

Inevitably, with much of the reorganisation during the last few years, it has been necessary to carry out some closures with consequent redundancies in order to provide the group with a sound industrial and financial base for the future. This has caused many pressures on our divisional and unit managements and their workforces; on behalf of my colleagues I would like to express our acknowledgement and appreciation of their understanding and for their efforts in 1979.

Leslie Fletcher

Summary of Comparative Figures

GLYNWED

Trading Results:

	1979 £000	1978 £000	1977 £000	1976 £000	1975 £000
Turnover	345,521	316,437	285,440	245,032	198,217
Group trading profit	23,385	19,978	16,559	18,088	14,239
Interest charges	4,701	3,898	3,532	3,462	3,806
Group trading profit before taxation	18,684	16,080	13,027	14,626	10,433
Taxation	5,550	4,334	3,954	7,596	5,444
Group profit after taxation	13,134	11,746	9,073	7,030	4,989
Minority interests	469	91	47	224	161
Extraordinary items	1,534	727	680	590	395
Preference dividends	70	70	70	73	68
Ordinary dividends	5,974	5,973	5,263	4,537	3,167
Profit retained	5,087	4,885	3,013	1,606	1,198
	13,134	11,746	9,073	7,030	4,989

Assets employed:

Fixed assets	41,635	36,552	35,192	34,713	31,446
Trade investments	1,268	1,068	1,071	1,086	871
Stocks and work in progress	80,419	66,486	65,142	58,629	43,831
Debtors less creditors	6,942	11,538	12,181	10,634	6,924
	130,264	115,644	113,586	105,062	83,072
Current taxation and proposed dividend	11,536	10,592	9,042	8,865	8,374
Operating assets employed	118,728	105,052	104,544	96,197	74,698
Bank overdrafts and other short term borrowings (net)	13,624	7,801	15,615	14,486	13,695
	105,104	97,251	88,929	81,711	61,003

Financed by:

Ordinary shares	16,322	16,320	16,205	15,565	11,730
Reserves	51,488	47,559	43,067	30,813	20,590
	67,810	63,879	59,272	46,378	32,320
Preference shares	1,291	1,291	1,291	1,291	1,291
Total share capital and reserves	69,101	65,170	60,563	47,669	33,611
Medium and long term indebtedness	29,254	24,532	20,974	16,682	16,394
Deferred taxation	3,308	3,867	6,322	15,699	9,668
Minority interests	3,441	3,682	1,070	1,661	1,330
	105,104	97,251	88,929	81,711	61,003

Statistics:

Trading profit before interest to turnover	%	6.8	6.3	5.8	7.4	7.2
Trading profit before interest to operating assets employed	%	19.7	19.0	15.8	18.8	19.1
Turnover to operating assets employed	X	2.9	3.0	2.7	2.5	2.7
Earnings per share (basic) (note 1)	P	19.3	17.8	13.9	11.9	9.6
Adjusted ordinary dividend per share (notes 1 & 2)	P	9.1	9.1	8.2	7.4	6.4
Dividend cover	X	2.1	1.9	1.7	1.5	1.5
Net assets per ordinary share	P	103.9	97.9	91.5	74.5	68.9

Notes

1. 1975 figures have been adjusted for the rights issue made in May 1976.
2. Deferred taxation for the years 1975 and 1976 has not been recalculated on the basis of the accounting policy set out on page 33, the adjustment relating to years prior to 25th December 1976 amounted to 19.35m.

Glynwed Limited
and subsidiary companies

- 1 Sir William Barlow
- 2 MA Hastilow
- 3 W Garner
- 4 JD Eccles *Vice-chairman*
- 5 G Davies *FCA Deputy chairman*
- 6 L Fletcher *FCA Chairman*
- 7 FCW Whitehouse
- 8 DL Milne CA
- 9 Sir Denis Barnes KCB
- 10 JM Hill
- 11 JC Blakeley *Secretary*

President
WGA Russell FCA

Executive Directors
L Fletcher DSC FCA *Chairman*
G Davies FCA *Deputy chairman*

W Garner
MA Hastilow BSc BCom
JM Hill
DL Milne CA
FCW Whitehouse

Non executive directors
JD Eccles *Vice-chairman*
Sir William Barlow FEng BScTech
Sir Denis Barnes KCB

Secretary
JC Blakeley MA

Auditors
Coopers & Lybrand
Chartered Accountants, Birmingham

Bankers
Midlands 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



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1. CONSTITUTIONAL PROVISIONS
(a) ARTICLE IV SECTION 4 CLAUSE 1
(b) ARTICLE IV SECTION 4 CLAUSE 2

W Garner, Chief Executive
Glynwed Steels Ltd

DW Richardson, Chief Executive
Glynwed Screws & Fastenings Ltd

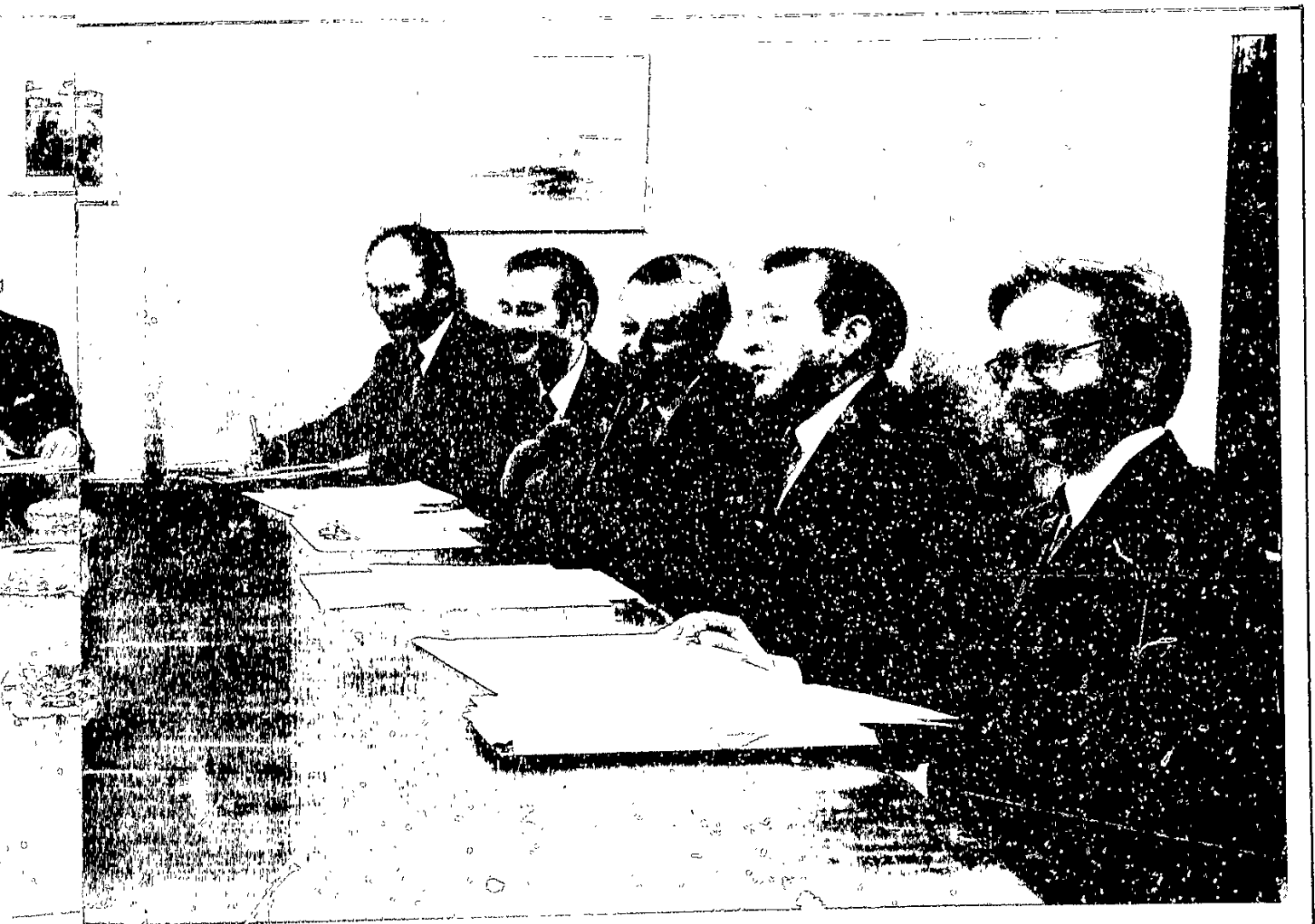
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 6. 1. 1950-1951 (2) 7. 1. 1950-1951

In W White house, Chief Ex. 227
 Frederick Douglass Ltd

RG Newby, Managing Director
Defy Industries (Pty) Ltd (South Africa)

**WP Evans, Director of
Personnel and Corporate Relations**

**RV Lawry, Managing Director
Glynwed Overseas Ltd**



Steel and Engineering

Basic Steel, Steel Castings and Steel
JM Hill, Chief Executive
Glynwed Tubes & Fittings Ltd

MJ Tandy, Managing Director
Glynwed Bathroom & Kitchen Products Ltd

T O'Neill, Chief Executive
Glynwed Domestic & Heating Appliances Ltd

Steel and Engineering
W Garner, Chief Executive
Glynwed Steels Ltd

DW Richardson, Chief Executive
Glynwed Screws & Fastenings Ltd

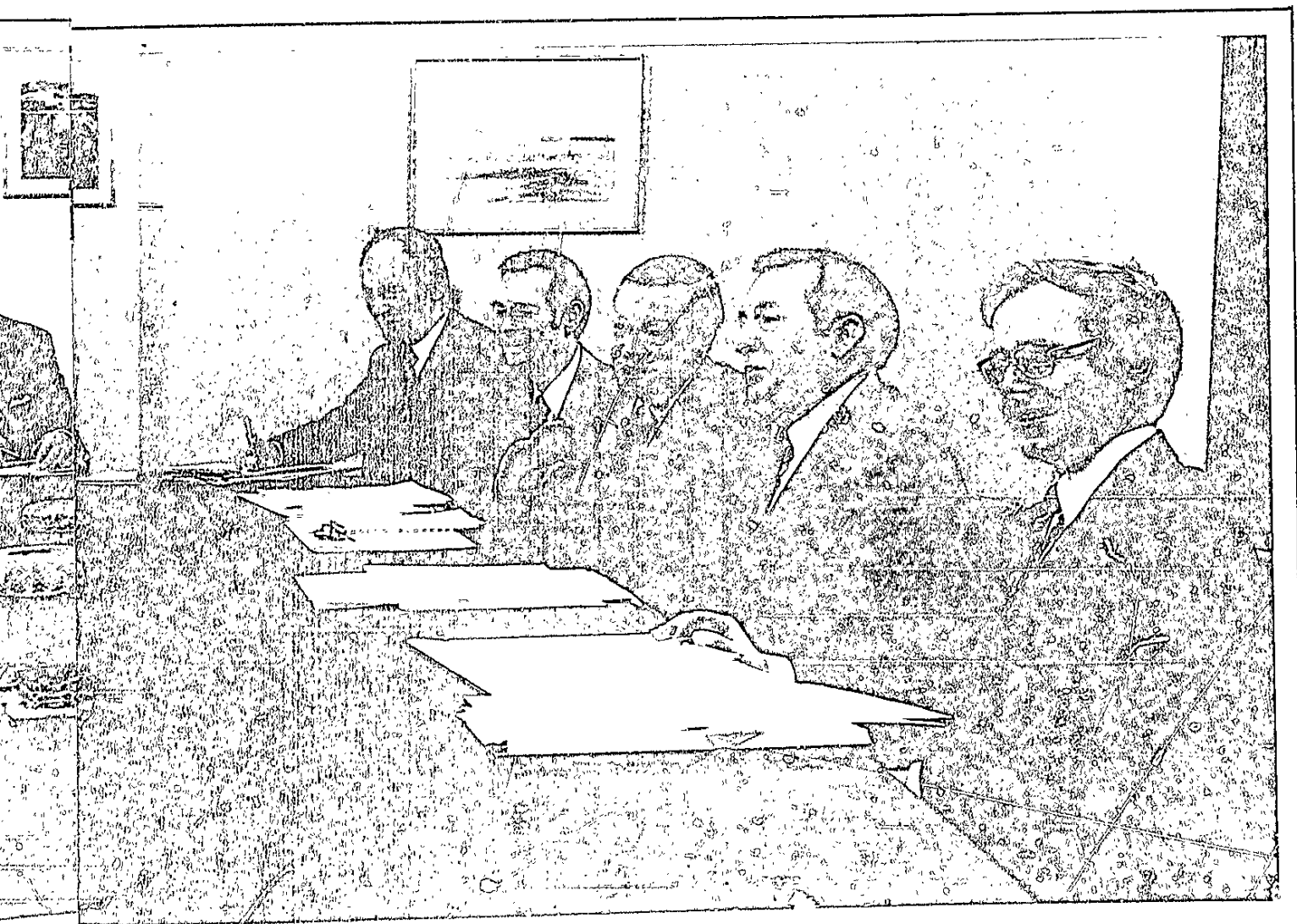
Steel Stockholding and Distribution
E Tunnadine, Chief Executive
Glynwed Steel Stockholding Ltd

FCW Whitehouse, Chief Executive
Glynwed Distribution 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



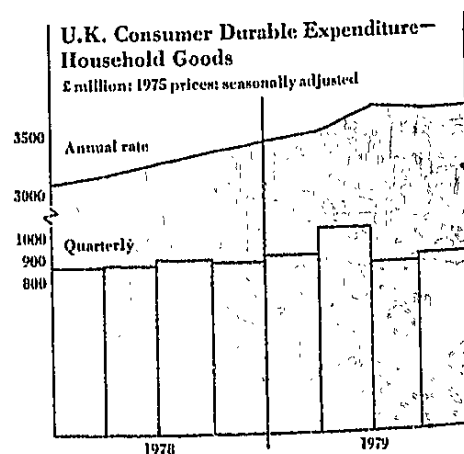
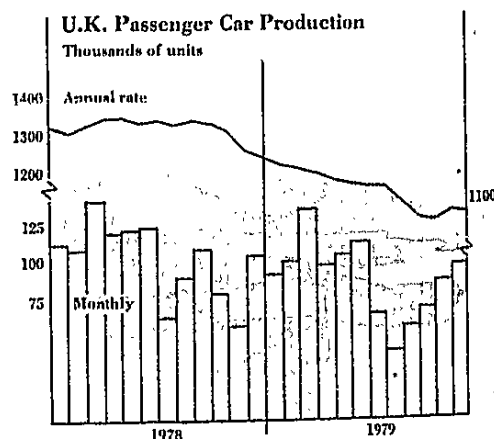


Economic background

Recession was widely forecast for the UK in 1979, but was averted by the record level of consumer spending, despite several widespread strikes in manufacturing industry. UK output actually increased by 1½% in 1979. This rise conceals small reductions in manufacturing and construction output, which were offset by a large increase in oil production. The balance of payments was adverse but improving, and sterling strengthened significantly during the year. Both movements were related to oil production and price. Domestic inflation increased steadily from 9% to 17%, and MLR rose from 12% to 17%.

Deliveries of finished steel showed an increase of 4% in 1979.

Glynwed has major direct interests in other national economies. Of these, the South African economy grew by 4% after a long recession. Growth in the US economy was slow overall, but the construction industry in the South grew rapidly. The French economy grew by 3½%, with a 4½% rise in industrial output. Business conditions in 1979 were better in these countries than in the UK.





DL Milne
Finance Director

Group results

The group results reported for 1979 are for the 52 weeks ended 29th December 1979 (1978 52 weeks). The detailed accounts and notes are set out in "The Accounts" section on pages 27 to 43.

In 1979 group sales amounted to £345.5 million compared with £316.4 million in 1978, an increase of 9.2%, despite setbacks arising from the national haulage and engineering disputes. Sales overseas, including exports from the UK improved by 36.6% to £64.037 million. This increase came mainly from South Africa as a result of an upturn in the economy. The policy of expanding overseas markets continued successfully and exports from the UK increased from £12 million in 1978 to £14 million, an increase of 17%.

The group trading profit before interest for the year amounted to £23.385 million (1978 £19.978 million) which represented a return on operating assets employed of 19.7% (1978 19.0%). Interest charges of £4.701 million, an increase of £0.8 million, reflected higher interest rates throughout the year and higher borrowings. The group profit before tax was £18.684 million (1978 £16.080 million). Turnover and profits by sub-groups are shown under "Principal activities" on page 10. The charge for taxation was £5.550 million being 29.7% of the profit after interest. This charge compares with the UK corporation tax rate of 52%, the difference being accounted for by accelerated capital allowances and stock appreciation relief.

The net charge for the year for extraordinary items amounted to £1.534 million (1978 £0.727 million) which related to termination costs of discontinued activities.

Group profit after minority interests and extraordinary items amounted to £11.131 million (1978 £10.928 million). After charging preference and proposed ordinary dividends, profit retained for the year was £5.087 million (1978 £4.885 million).

Finance and working capital

On page 28 a statement, which forms part of the audited 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 1.6 at 29th December 1979 compared to 1.8 at 30th December 1978. Working capital was £62.201 million (1978 £59.631 million) representing 52.4% (1978 56.8%) of the operating assets employed.

During the year total borrowings increased by £11.043 million. Bank overdrafts, and other short term borrowings increased during the year by £6.321 million, while medium and long term indebtedness increased by £4.722 million from £24.532 million to £29.254 million. Full details of loan capital and borrowed money are shown in note 19 to the accounts on page 38. The debt/equity ratio was 59.1% (1978 47.0%). During the year capital expenditure amounted to £9.001 million (1978 £8.101 million) and the purchase of businesses and a minority interest for cash considerations amounted to £6.970 million.

Operating and financial statistics for the past five years are set out in the "Summary of Comparative Figures" on page 5.

Ordinary dividend

A final dividend of 6.70p on the ordinary shares, which the annual general meeting will be asked to approve, is payable on 3rd July 1980. This together with the interim dividend of 2.45p per share maintains a total dividend of 9.15p.

Inflation accounting

The group consolidated current cost accounts are shown on pages 42 and 43 and conform to the guidelines set out in Exposure Draft No. 24 issued by the Accounting Standards Committee.

Report of the Directors *continued*

Principal activities

Turnover and profit by sub-group

	Turnover		Profit	
	1979 £000	1978 £000	1979 £000	1978 £000
United Kingdom operations	117,355	95,940	9,009	6,459
Building and consumer products	87,884	79,746	7,392	6,962
Steel and engineering	81,220	96,424	3,756	5,198
Stockholding and distribution	9,022	9,464	(507)	104
Other divisions and trading companies				
	295,481	281,574	19,650	18,723
Overseas operations				
Household and industrial appliances	45,911	34,680	3,309	1,234
Steel and engineering	2,129	183	426	21
	345,521	316,437	23,385	19,978

Turnover by geographical area

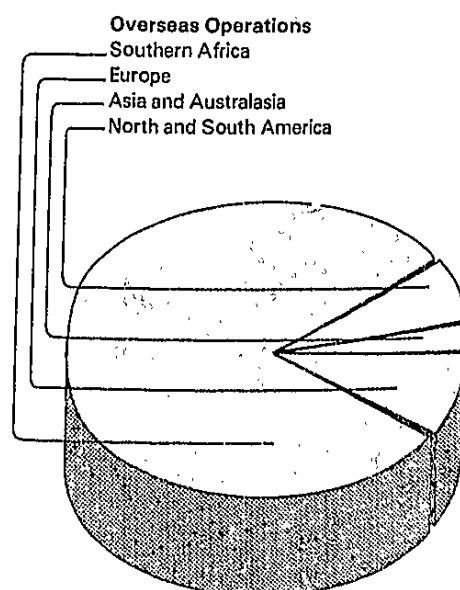
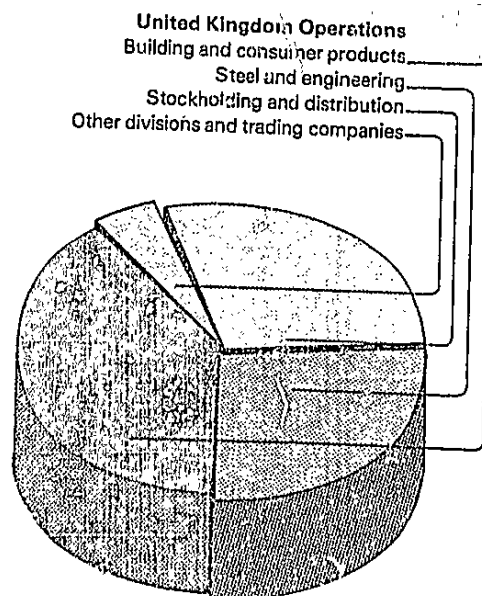
	1979		1978	
	£000	%	£000	%
Southern Africa	46,055	13.3	34,970	11.1
Europe	7,464	2.2	5,015	1.6
Middle East	3,834	1.1	4,499	1.4
Asia and Australasia	3,115	0.9	998	0.3
North and South America	3,569	1.0	1,396	0.4
Total overseas	64,037	18.5	46,878	14.8
United Kingdom	281,484	81.5	269,559	85.2
	345,521	100.0	316,437	100.0

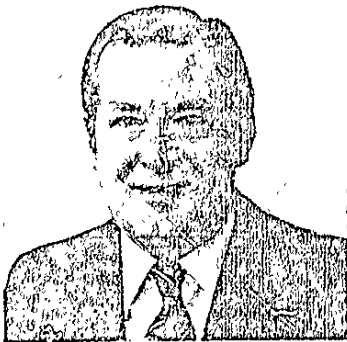
Exports

Sales value of direct exports from the United Kingdom during the year was £14 million (1978 £12 million).

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

Turnover





JM Hill
Chief Executive
Glynwed Tubes & Fittings Ltd

Report

Glynwed Tubes & Fittings Ltd

The Wednesbury Tube Co

1979

Coventry Tubes Permatube

1979

Vulcathene

1979

Nederlandse Autofitting Fabriek BV

1979

William Embley Ltd

1979

Demand in the UK for all Glynwed Tubes & Fittings products continued at a high level throughout 1979, influenced by spending in both the public and private sector.

During the year the decision was taken to close down the loss-making lead sheet and pipe manufacturing activities and streamline the division's distribution facilities.

A continued high level of demand for copper tube and fittings ensured that production was at full capacity. The incidence of major industrial disputes within the copper tube and fittings industry in 1978 inevitably led in 1979 to increased import penetration, which reached disturbing levels mid year, but which has subsequently declined.

1979 was a year of steady progress for both our plastic and stainless steel interests.

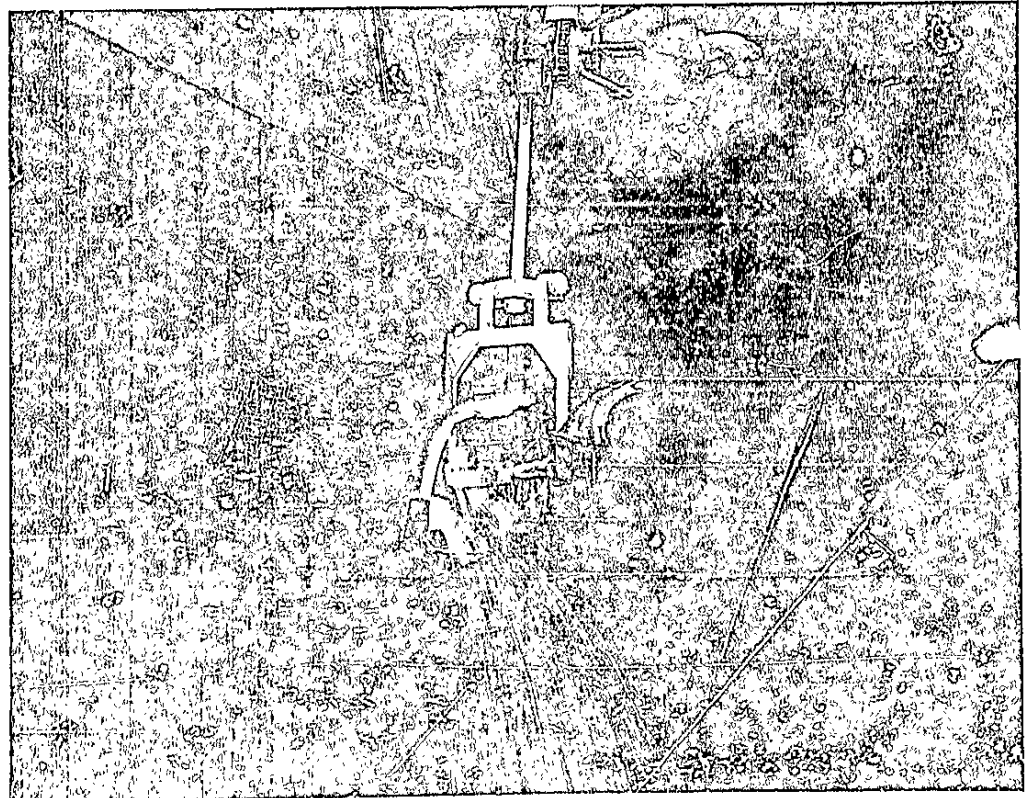
Total divisional exports increased during the year, but EEC markets remained difficult to penetrate.

Copper price movements were erratic, with a low of £760 per tonne in July and a high of just over £1,100 per tonne in October, demonstrating the influence of speculators on the market. Copper closed the year at just under £1,000 per tonne.

Nederlandse Autofitting Fabriek BV had a disappointing year's trading, with margins coming under pressure.

William Embley Limited joined the group in February and traded successfully.

The demand for both cast and stamped components reflected the buoyancy over a wide industrial spectrum, but towards the end of the year there were signs of an easing in demand.



Casting high grade Admiralty gunmetal at William Embley, Birmingham, which was acquired by Glynwed in February 1979.



MJ Tandy
Managing Director
Glynwed Bathroom & Kitchen
Products Ltd

Building

Glynwed Bathroom & Kitchen Products Ltd

Vogue Bathrooms

cast iron and stainless steel
vanity basins, shower cubicles

Glynwed Eurotrade BV

Leisure Kitchen Products

sinks and vanity basins
shower cubicles

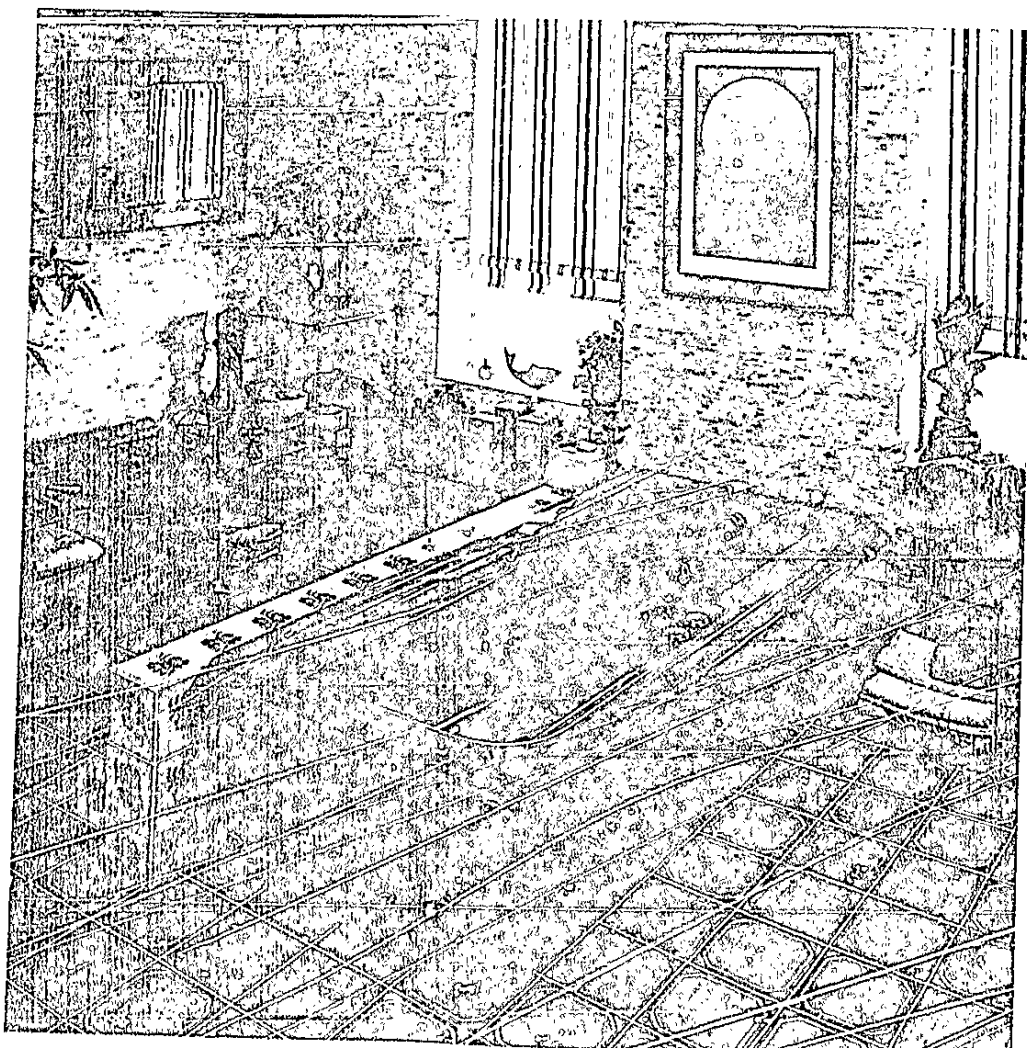
The recovery achieved in 1978 was sustained during 1979 with a consistent demand for the division's major product lines.

High import penetration in some market sectors of the division's activities continued. The division's share of the cast iron bath market remained constant during 1979 with overall demand for this product remaining excellent. Competition in the acrylic products market, however, was strong and new designs were introduced to maintain market share.

Export activity continued but price levels were extremely competitive. The effect of higher inflation in the UK compared with other European countries, put export margins under severe pressure.

The benefits of rationalisation of manufacturing facilities carried out in 1978 and 1979 were shown in improved results from the division.

At present effort is being concentrated on equipment and design changes to enable the division to maintain and expand its market position.



The new Vogue Elysian cast iron
bath manufactured by Glynwed at
Bilston, West Midlands.



T O'Neill
Chief Executive
Glynwed Domestic & Heating
Appliances Ltd

1979/80

Glynwed Domestic & Heating Appliances Ltd

Sidney Flavel & Co

Falcon Catering Equipment

1979/80

Leisure Domestic Division

1979/80

Agaheat Appliances

1979/80

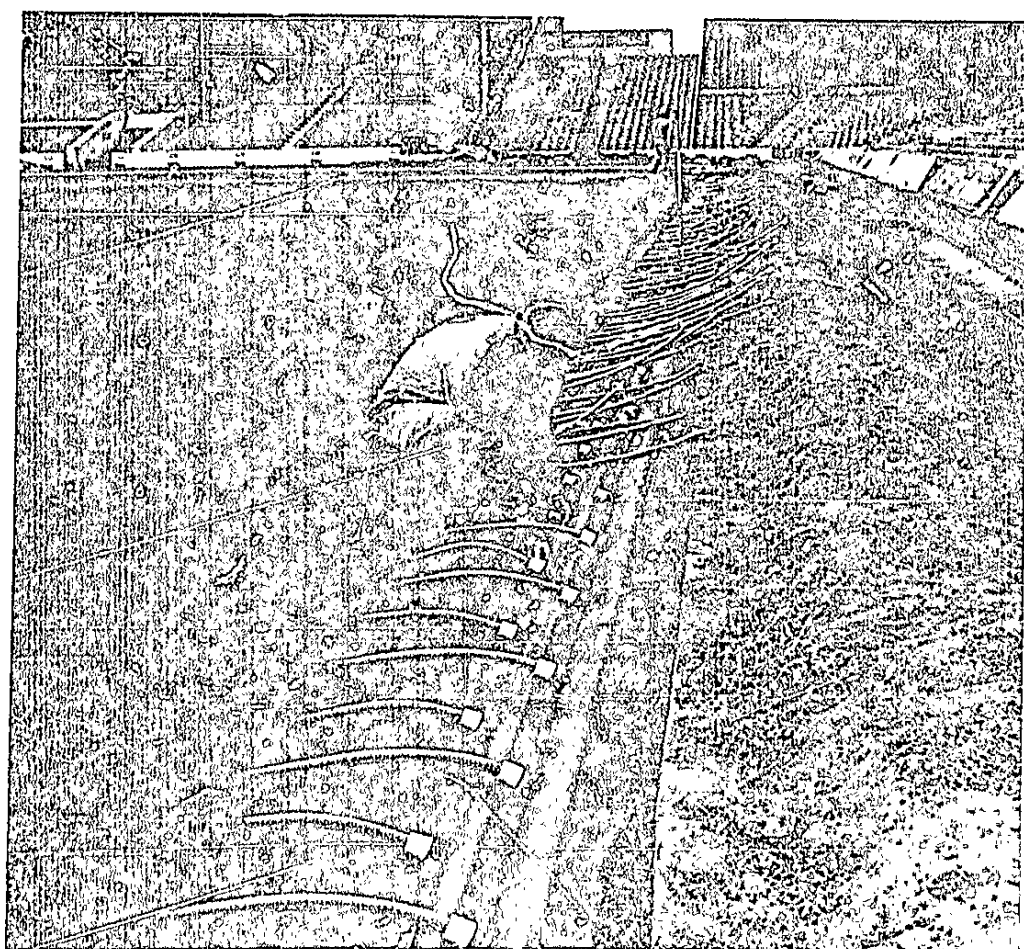
1979/80

Demand for cookers was maintained throughout the year with Aga, Rayburn, Flavel and Leisure products all with a high order intake. However, manufacturing performance generally did not match this demand and Flavel, in particular, found it difficult to meet production targets until the final quarter of the year.

Sales of heating products were less than anticipated. Central heating boilers failed to achieve their expected market share in the face of intense competition.

A complete new range of solid fuel room heaters is planned for 1980 to replace the existing range which lost market share in 1979.

In the final quarter, sales of gas fires were disappointing because of the British Gas Corporation's efforts to conserve energy rather than promote sales.



Hot water from an Agaheat Triton 3 boiler is pumped through the patented Granges Essem "Meltaway" system beneath the pitch of Manchester City's Maine Road football ground.

1980

Glynwed Integrated Services Ltd

Steelway

TB Mechanical Services

Steelfab Pipes & Vessels

Dalcon Joinery

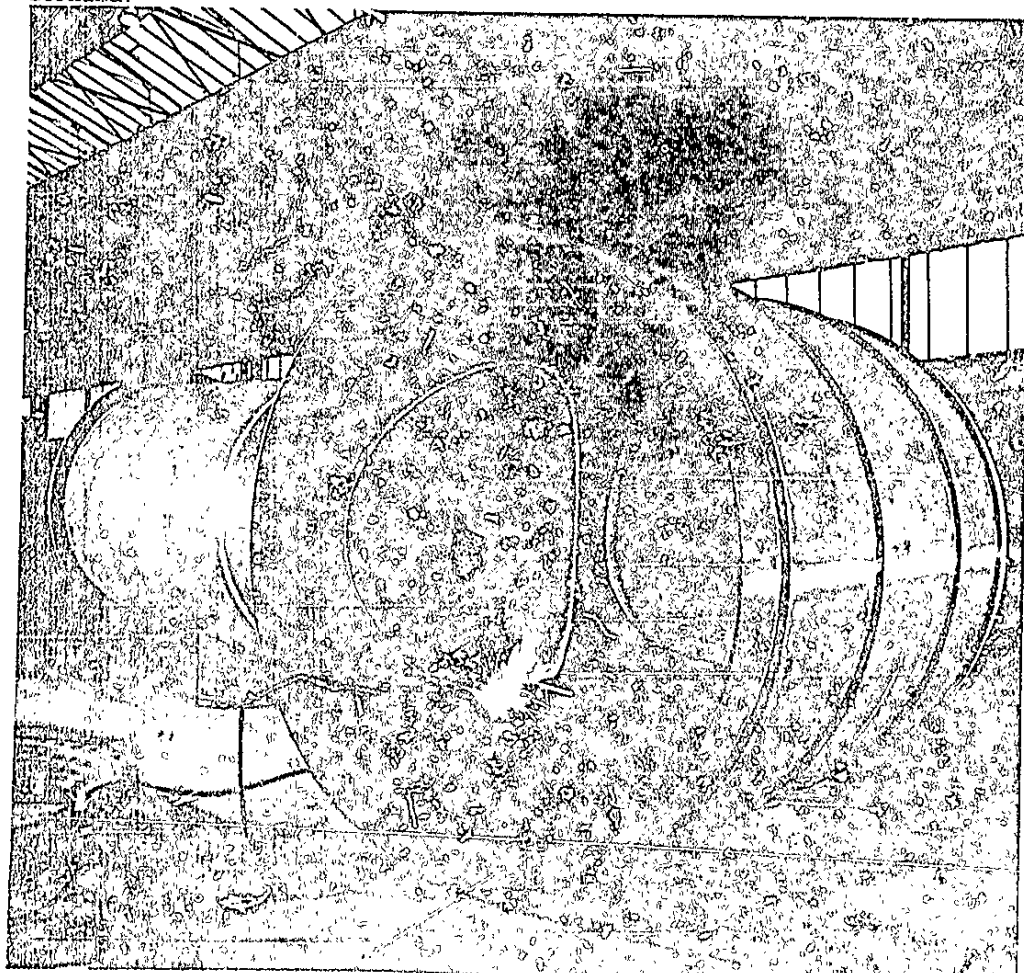
Due to depressed market conditions the overall performance of Glynwed Integrated Services Ltd was disappointing. According to the type of product these depressed conditions had a varying effect.

Outside strikes and disputes adversely affected the activities of Steelway, particularly during the early part of 1979. A factory extension was completed and should enable greater development of an enhanced product range.

Activity at Steelfab was low due to a general cutback in investment in the process industry. Capacity was under utilised but the order position improved towards the end of the year. However, sales of pressure vessels increased during 1979 and substantial export orders were obtained. Important improvements were made to quality procedures thus increasing the company's range of potential customers.

At TB Mechanical Services demand for installation and other services for the British Gas Corporation remained at a high level throughout the year and a record turnover was achieved, but results for mechanical services were disappointing.

Dalcon Joinery had its most successful year for five years, with increased activity in both manufacture and installation work. During the year new market surveys indicated that the company's increased product range should further strengthen its competitive position in Scotland.



Giant steel T junction built by
Steelfab Pipes & Vessels for the
Drax B power station in
Yorkshire.



W Garner
Chief Executive
Glynwed Steels Ltd

Glynwed Steels Ltd

George Gadd & Co

W Wesson

W Wesson
W Wesson
W Wesson

Steel Parts

W Wesson
W Wesson
W Wesson

Joseph Gillott & Sons

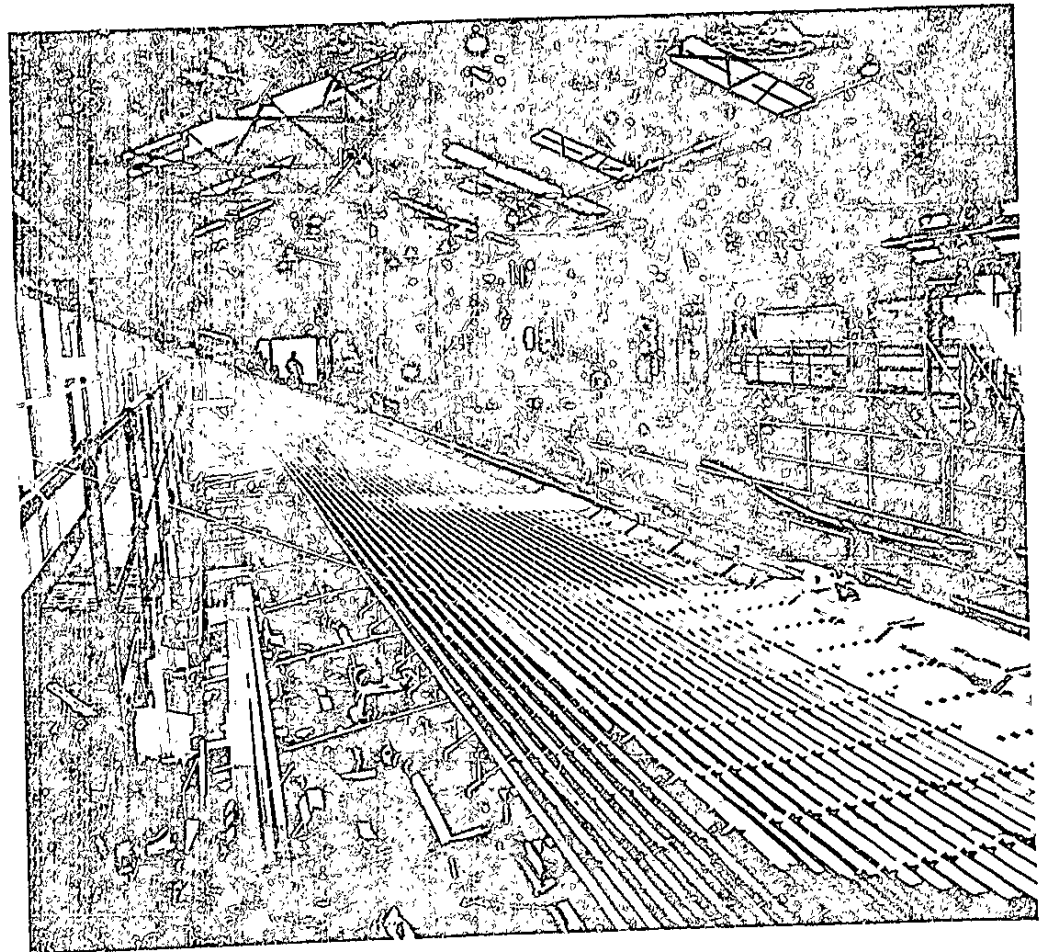
Stourbridge Rolling Mills

Despite the disruptions caused by the transport drivers strike and the engineering strike, the steel division had a year in which production and sales were at record levels.

Generally demand for steel throughout the year was at a low ebb, and during the last quarter most of the division was working short-time.

Two important projects were completed during the year. A 28" hot mill at Wesson was fully commissioned and the performance of the plant was encouraging. New record outputs were achieved.

At Stourbridge Rolling Mills a cold rolling plant was installed and indications to date suggest substantial benefits will be achieved.



Installed by George Gadd & Co. to extend the range of sizes available, this new 10' re rolling mill will produce close tolerance high quality black steel bars in a variety of sections.



DVV Richardson
Chief Executive
Glynwed Screws & Fastenings Ltd

Steel and engineering

Glynwed Screws & Fastenings Ltd

Glynwed Fastenings

high tensile bolts, pins, clevises, eye-bolts, pre-assembled screw and washer joints, self locking and preloading bolts, nuts

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

low strength corrosion proof bolts, load nuts and washers, rivets, split collar pins, eye-bolts, preloading and construction bolts, cracked and high tensile bolts and nuts

James H Smith

bolts and non standard fasteners for the railways, steel scaffolding and heavy plant machinery

Cooper & Turner Inc

distributors of load indicator washers

La Dauphinoise SA

fastenings, eye-bolts, rivets, push button fastenings

La Dauphinoise-Thomson SA

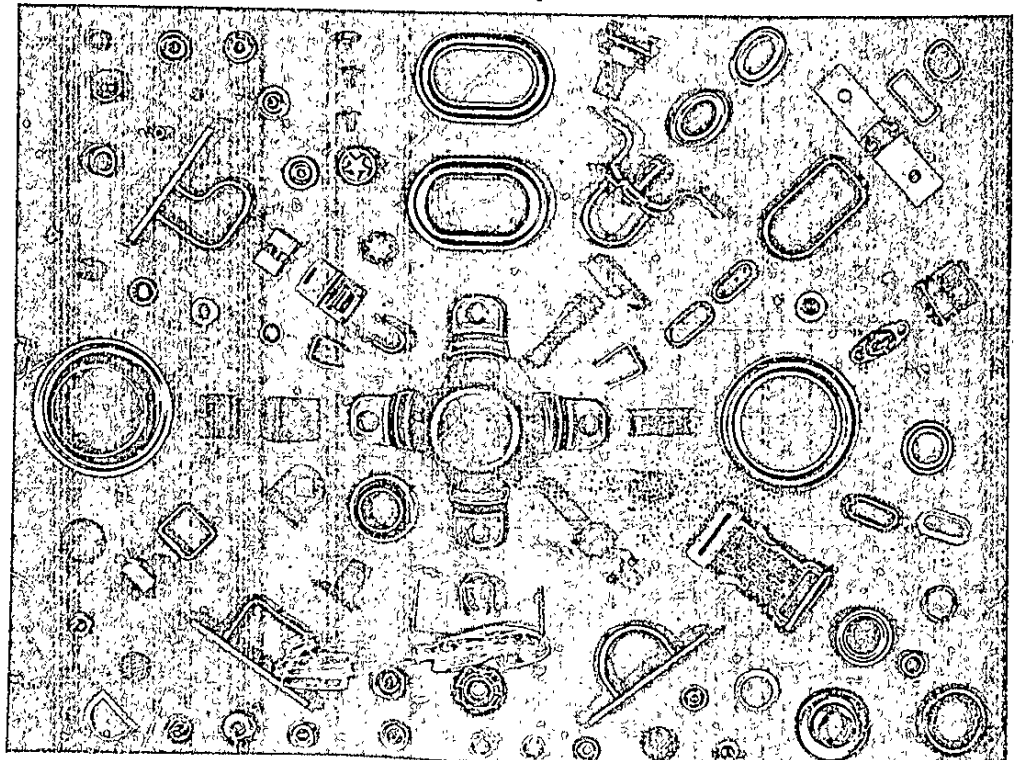
thermostats

The division's results for 1979 were adversely affected by the national haulage strike and the engineering dispute which caused a substantial decline in profits at vital periods during the year. Despite these setbacks, the fastener operations performed creditably during a time when the fastenings industry was in recession.

Motor car sales for 1979 were at their highest level since the early seventies but with imports at a record level of 56% there was little benefit to domestic suppliers of fastenings.

Investment by the petro-chemical industry slowed down during the year which made trading difficult again for Wask Engineering. The aerospace and nuclear industries were buoyant which helped the growth plans of Paul Fabrications. Building and construction, important industries for Tower Manufacturing, showed slight improvements towards the end of the year.

During September the acquisition of La Dauphinoise SA was completed. La Dauphinoise is a French manufacturer of a wide range of fastenings including eye-bolts, push button fastenings and rivets and is based in Grenoble. The company also has a 60% owned subsidiary, La Dauphinoise-Thompson SA, which manufactures thermostats for the French motor industry. The acquisition should enable the whole of the division to broaden its market base and product penetration into Europe.



Just part of the wide range of fastenings produced by La Dauphinoise SA from their base in Grenoble, SE France.

Steel and engineering

Glynwed Foundries Ltd

Automotive & Engineering Castings Division

Coalbrookdale Works

engineering castings
automotive castings
decorative castings

Skipton Works

mechanical engineering castings

Building Products Division

Sinclair Iron Works

cast iron down pipes and
drainage pipes and fittings

South Bank Iron Works

cast iron drainage products

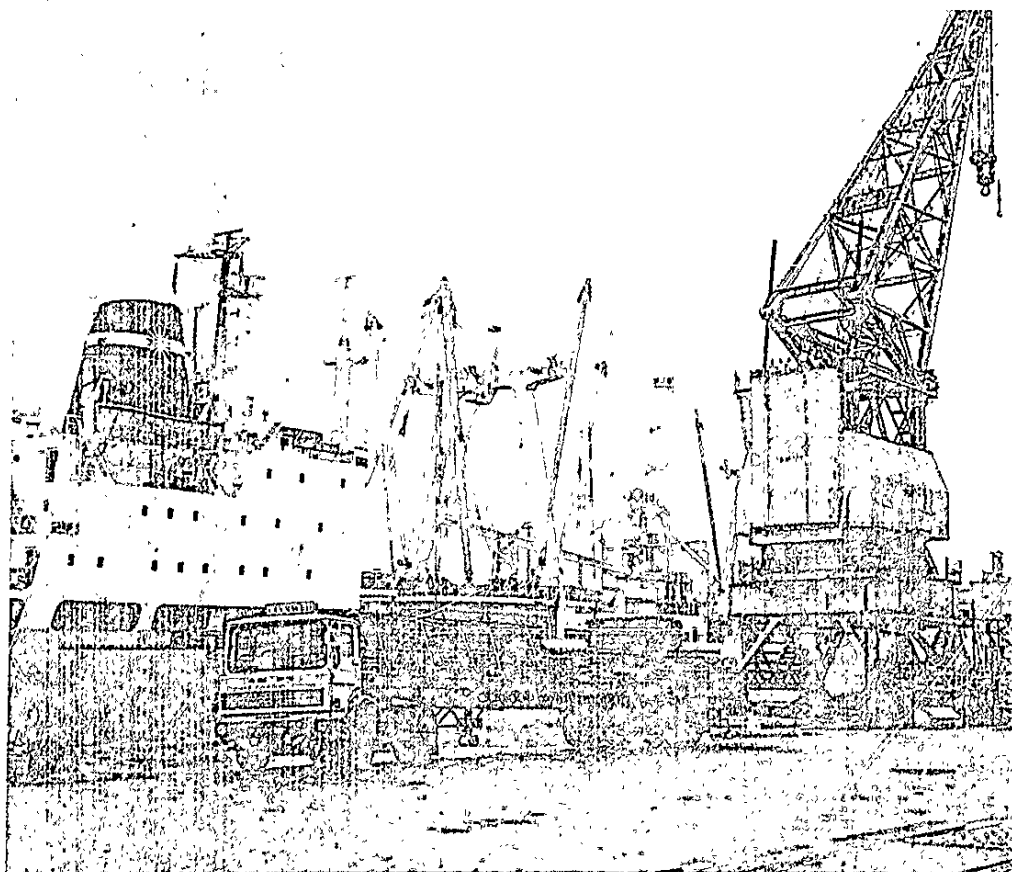
During the year Glynwed Foundries was reorganised into two divisions to permit greater concentration of management effort and manufacturing facilities in each product area. The benefits were reflected in improved operating results.

In the Automotive & Engineering Castings Division a major programme of rationalisation was carried out, including the closure of a loss-making Shropshire foundry which specialised in castings for the motor industry.

Despite the reduction in output in the overall UK foundry industry, substantial additional business was injected into the Skipton and Coalbrookdale foundries from energy related activities. The agricultural industry also showed some recovery and the demand for spheroidal graphite iron castings also increased. Towards the end of the year the previously dormant export business revived, partially as a response to a drop in the value of the pound sterling, but also because quality castings were in demand.

In the Building Products Division the current demand for quality products revealed an awareness of the superiority of cast iron over other materials, so that despite the low level of new house building and the cuts in public expenditure, the demand for cast iron building products improved. The Glynwed socketless systems, known as Timesaver, continued to take a larger share of the UK market and started to penetrate overseas. Activity was maintained in export markets for conventional cast iron systems.

The additional business, together with improvements in operating efficiency, generated a strong recovery in the latter part of the year which ended on a profitable and much improved basis.



Special cast iron drainage pipes, one of several shipments manufactured by Glynwed Foundries Ltd for a major Saudi Arabian Government housing project in Riyadh.



E Tunnadine
Chief Executive
Glynwed Steel Stockholding Ltd

Glynwed Steel Stockholding Ltd

Cashmores

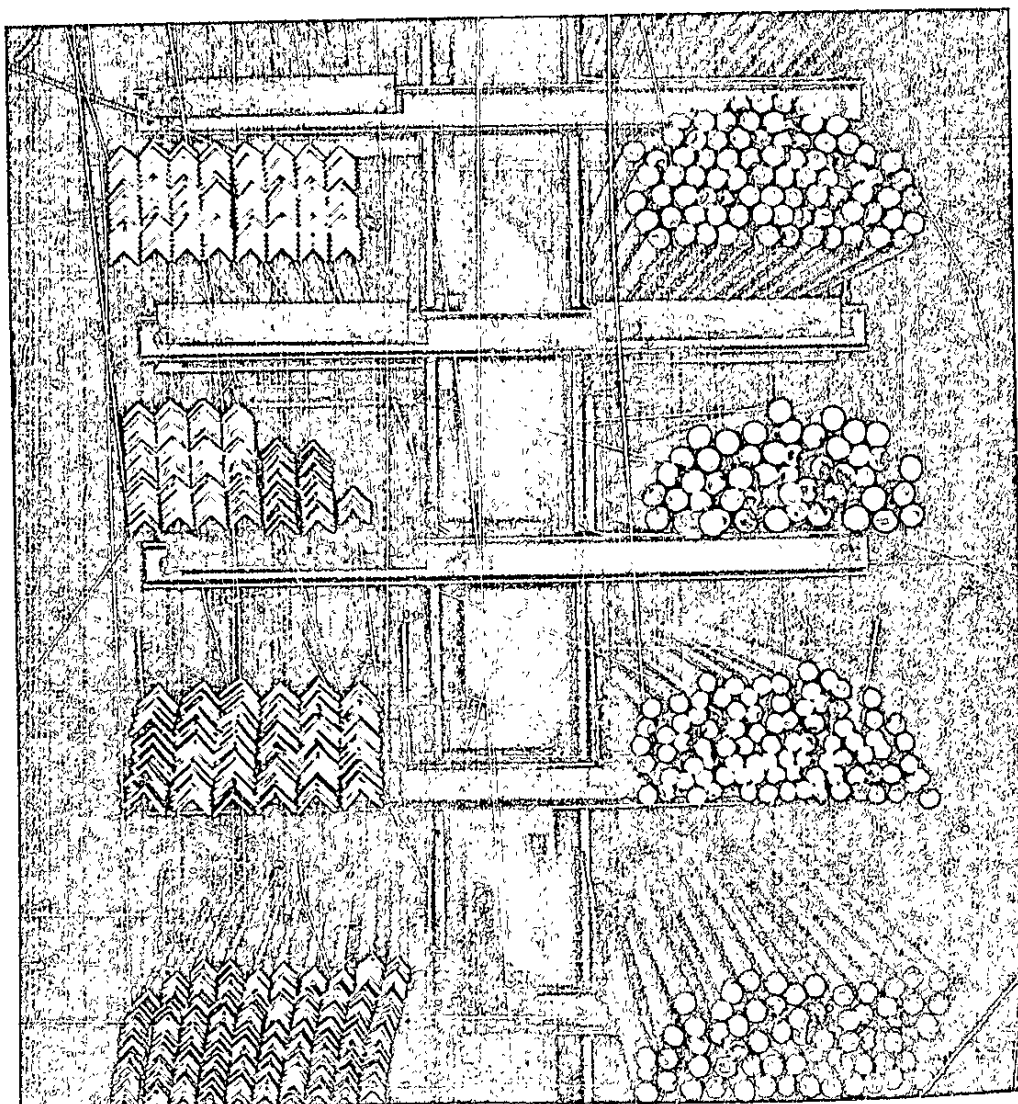
Frank Stacey

Macreadys

Following the reorganisation of the previous year, the performance of all stockholding units improved and, with a broader customer base, justified the policies which had been pursued.

A world surplus of steel-making capacity still provided a difficult background to the division's activities but its long-established reputation enabled the division to hold its market share, with costs well under control and stocks in good balance.

The Scrap Division benefited from the improved market scene and returned excellent results. The machine tool industry generally had a poor year and, in these circumstances, the division's activities in this field produced creditable results.



Mild steel angles and rounds are just two products from the comprehensive range offered by Cashmores' General Steels Division.



FCW Whitehouse
Chief Executive
Glynwed Distribution Ltd

Specialist Division, 100, 101, 102, 103, 104

Glynwed Distribution Ltd

MBS Fastenings

stockists of all fastenings

MBS Bearings

stockists of all bearings and rollers

MBS Tools

stockists of all tools

MBS Airmasters

stockists of all compressors and air tools

MBS Engineers Supplies

stockists of fastenings, bearings and engineers tools

Thames Bank Iron Co

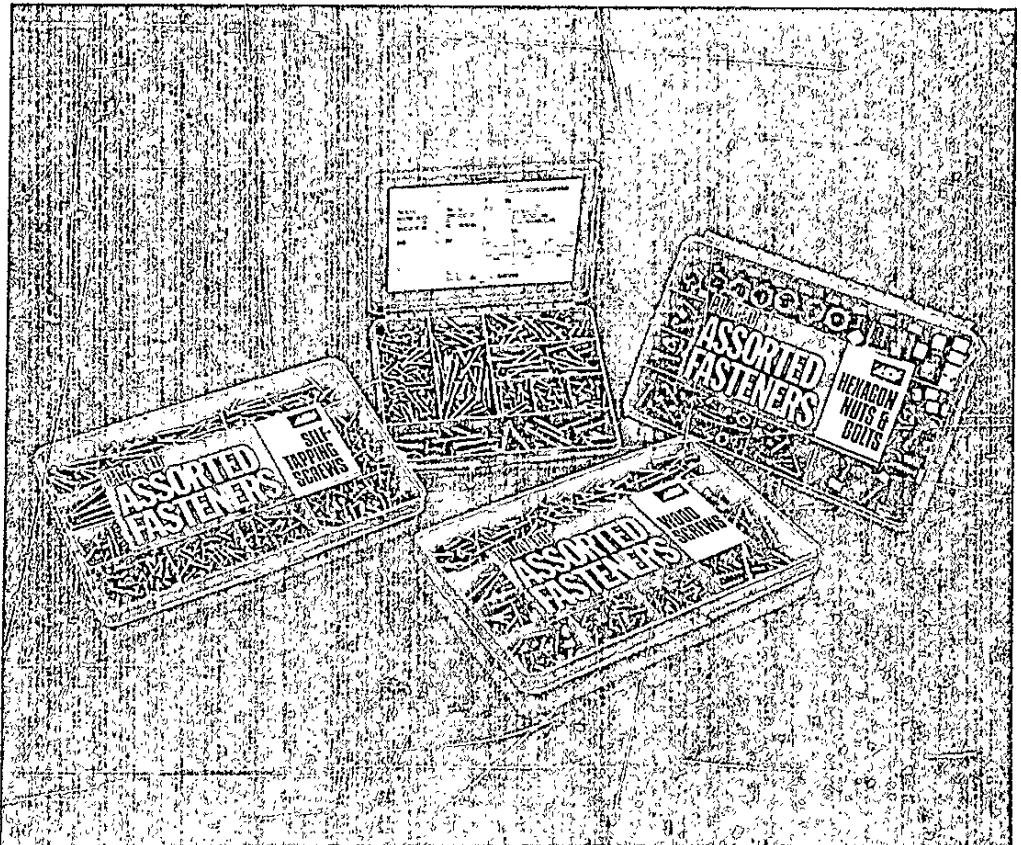
stockists of bankiers' castings including Thamesflow rod outlets

The division consolidated its position as one of the United Kingdom's foremost distributors of fastenings, bearings and, increasingly, tools to industry, and added compressors and air tools to its existing range of products.

Despite setbacks caused by outside industrial action and the depressed state of the economy, the division achieved satisfactory results for the year.

During 1979, two new fastenings branches were opened and five new bearings branches were opened and the bearings head office was moved to Coventry. In addition, MBS Engineers Supplies was established in five locations, supplying the complete range of the division's products. MBS Airmasters was successfully introduced.

Thames Bank Iron continued to contribute substantially to the division's results, despite strong competition in a depressed market, and considerably expanded its sales of Timesaver and other castings products. Exports once again represented a significant part of its business.



A range of assorted fastenings specially packaged by MBS Fastenings for the maintenance and D.I.Y. markets.

Stockholding and distribution

Glynwed Wholesale Chemists Ltd

Rudge Roberts

Rudge Roberts (Northern)

Fylde Laboratories

wholesale supplies to retail chemists

1979 was the most difficult year in the recent history of the industry. Intense price competition continued throughout all areas of the UK leading to numerous closures by competitors which, to date, involve about one eighth of the original number of wholesale depots. A further contraction is expected during 1980.

Despite these difficult trading conditions, each of the units again showed an increase in sales and the division continued to trade at a satisfactory profit level.

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

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

Glynwed Plastics Ltd

Despite a continuing downturn in UK car production the performance of J Burns was satisfactory and good progress was made in other areas of industry. The growth of the rail joint systems, the air pulsating medical bed and machined components was progressive with new orders being secured.

Plans were made to market two new materials which are being incorporated at product design stages to meet newly identified areas of demand.

At Arlington Plastics production ceased in the middle of 1979 because of an accelerating decline in demand for the company's products. A major rationalisation took place which resulted in Manu-Felt ceasing separate production in December 1979.

Certex Ltd

The machined products department of Certex recovered well from a difficult start to the year and the slow down caused by the effects of the engineers' strike. New business was acquired and markets for new materials were identified.

Fotherby, Willis Electronics Ltd

electronic controls for domestic and industrial applications

1979 saw the introduction of a revised product range into a highly competitive market.

A rationalisation programme was completed towards the end of the year with the result that the company has now established a firm base from which to operate in the future.



2

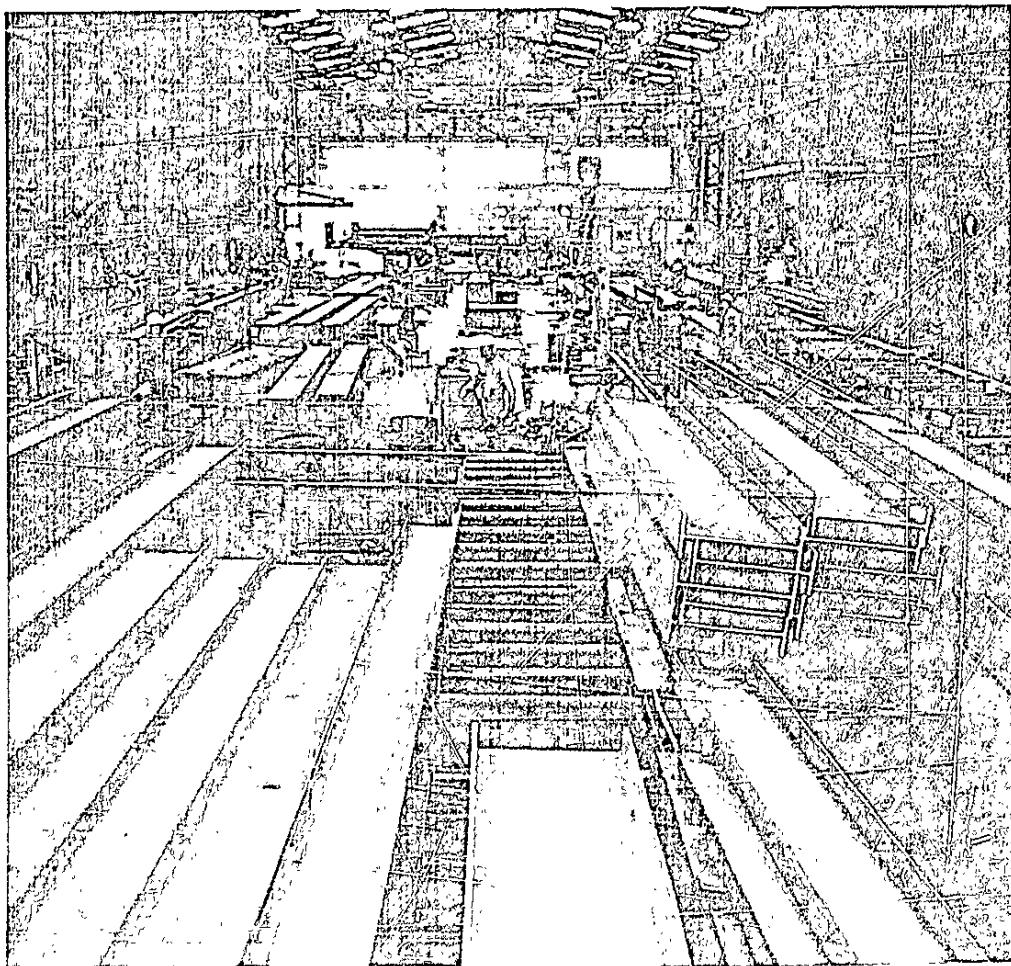
A small selection from the range of consumer products manufactured and/or distributed in South Africa by Defy Industries (Pty) Ltd.

Breman Steel Company Inc

On 31st August 1979, Glynwed acquired Breman Steel Company Inc., an Atlanta, Georgia, based company operating a steel distribution and fabrication business which principally supplies the construction industry. Although the company has supplied contracts all over the United States its main market is the South Eastern region which in recent years has been one of the fastest growing areas of the United States.

Founded at the turn of the century, Breman Steel is a very well established business, split almost equally between its distribution and fabrication interests and operating from two sites. The head office site, of 2½ acres, is close to the centre of Atlanta, and is also the major distribution point, while the much larger structural steel fabrication plant occupies modern premises on 8½ acres on the outskirts of the city.

The company employs 110 people, and has an experienced management and technical team. Since acquisition the company has traded profitably in line with expectations and has ended the year with order books at a high level.



Part of the fabrication shop at the
Breman Steel Company Inc of Atlanta,
Georgia



WP Evans
Director of Personnel and
Corporate Relations

Corporate services

Personnel and Corporate Relations

The uncertain industrial relations climate in the United Kingdom generally, together with progressively higher inflation, associated with a substantial increase in the expectations of employees, resulted in lengthy negotiations at individual company level before agreements were reached.

Since the group's activities were adversely affected by external industrial relations disputes, in particular, the national road haulage dispute in the early part of the year and in the period August to October the series of one and two-day strikes by members of the Confederation of Shipbuilding and Engineering Unions in furtherance of their national negotiations with the Engineering Employers' Federation. However, the EEF/CSEU negotiations directly affected less than 50% of the shopfloor employees in the group and, as a result of initiatives by local management and the co-operation of the employees concerned, only 38,000 man hours were lost as a result of strike action (0.2% of the available man hours).

Rationalisation took place in the Foundries, Plastics, Screws & Fastenings and Domestic & Heating Appliances divisions resulting in a 3.7% reduction in the number of the group's employees in the United Kingdom during the year.

Nineteen awards were made by the independent selection committee of the Glynwed Educational Scholarship Scheme to the sons and daughters of employees, who are taking courses of higher education in the academic year 1979/80.



RV Lawry
Managing Director
Glynwed Overseas Ltd

Glynwed Overseas Ltd

The role of Glynwed Overseas was reviewed during 1979 and as a result its representation was broadened to those countries and areas where it was believed that more sales penetration could be achieved, particularly the Far East and some North African countries. Collaboration with the group's operating companies continued during the year and associations were built up with appropriate trading organisations outside the group which were likely to lead to more package deal orders for group products. During the year incoming trade missions from Kenya, Venezuela and Kuwait were received.

Report of the Directors *continued*

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 4th October 1979 of 8,073 ordinary shares of 25p each at 246.772p per share in response to elections made on 30th September 1979 in respect of the conversion rights attaching to such stock. See also note 19 on page 39.

Share option scheme

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

Shareholders

At 29th December 1979, ordinary shareholders totalled 16,953 (1978—17,276) and these are analysed below:

Number of shares	% of shareholders	% of shares in issue
1—2,000	88.87	14.13
2,001—5,000	7.33	5.81
5,001—50,000	2.68	11.68
50,001—250,000	0.83	25.23
Over 250,000	0.29	43.15
	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 6. In accordance with the articles of association, Mr DL Milne and Mr JM Hill, having been appointed directors by the board, retire, and being eligible, offer themselves for election. Mr L Fletcher, Mr MA Hasrilow and Mr W Garner retire by rotation and, being eligible, offer themselves for re-election.

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

Mr L Fletcher	—	to 14th October 1982
Mr W Garner	—	to 31st December 1982
Mr MA Hasrilow	—	to 21st September 1983
Mr JM Hill	—	to 10th January 1983
Mr DL Milne	—	to 31st December 1982

Directors' interests

The interests of the directors of the company at 29th December 1979 according to the register kept under Section 29 of the Companies Act 1967 were:

		29th December 1979		31st December 1978†	
		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	3,750	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
	DL Milne	—	—	—	—
	FCW Whitehouse	40,521	—	40,521	—
	JD Eccles	2,500	—	1,250	—
	Sir William Barlow	1,250	—	1,250	—
	Sir Denis Barnes	1,000	—	1,000	—
10¾% unsecured loan stock		25	—	25	—

Mr JM Hill had a beneficial interest in 547 ordinary shares of 25p each fully paid at the date of his appointment as a director (10th January 1980).

The company has not been notified of any change in the above holdings during the period 30th December 1979 to 25th April 1980 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 29th December 1979 by at least £21 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 13,615 persons each week of the year. The aggregate gross remuneration paid or payable to them was £57.570 million (1978—£51.521 million) for the year.

	1979	1978
Average number of employees		
United Kingdom	13,615	14,132
Overseas	4,347	3,537
	17,962	17,669

Report of the Directors *continued*

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 1979:

	£
Charitable	53,657
Educational (universities)	1,014
Political	15,000
	<hr/> 69,671

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
25th April 1980.

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Consolidated balance sheet	30
Balance sheet of Glynwed Limited	31
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Trading subsidiaries	41
Consolidated current cost accounts	42

Source and Application of Funds

For the 52 weeks ended 29th December 1979		1979 £000	1978 £000
Source	Profit before taxation	18,684	16,080
	Extraordinary items before taxation	(3,058)	(1,813)
		15,626	14,267
	Depreciation less transfer from deferred credit account	4,823	4,231
	Total funds generated from operations	20,449	18,498
	Funds from other sources:		
	Net increase in medium and long term indebtedness*	4,722	3,784
	Issues of shares and addition to minority interests*	206	4,195
		<u>25,377</u>	<u>26,477</u>
Application	Dividends	6,044	5,431
	Taxation*	3,643	4,765
	Capital expenditure (net)*	9,906	5,673
	Decrease in reserves due to exchange differences	191	1,719
	Trade investments*	200	—
	Increase in goodwill arising on consolidation*	985	148
	Reduction of minority interests*	895	—
	Increase in net current assets (see below)	3,513	8,741
		<u>25,377</u>	<u>26,477</u>
	Increase in net current assets:		
	Increase in stocks*	13,933	1,344
	Increase in debtors*	13,319	2,562
	Increase in creditors*	(17,916)	(3,205)
		9,336	701
	Increase/(decrease) in net liquid funds*	(5,823)	8,040
		<u>3,513</u>	<u>8,741</u>

*Summary of the effects of the acquisitions of subsidiary companies and purchase of certain minority interests.

Net assets acquired		Discharged by	
	£000		£000
Stocks	5,693	Cash paid	6,970
Debtors	3,836		
Fixed assets	2,310		
Minority interests	532		
Interest in associated companies and trade investments	41		
Creditors	(3,923)		
Bank overdraft and short term loans	(817)		
Medium and long term indebtedness	(229)		
Taxation	(1,245)		
Goodwill arising on acquisition	772		
	<u>6,970</u>		<u>6,970</u>

Consolidated Profit and Loss Account GLYNWED

For the 52 weeks ended 29th December 1979		1979	1978
	Notes	£000	£000
<hr/>			
Turnover	1	281,484	269,559
Home		64,037	46,878
Overseas (including exports)		<u>345,521</u>	<u>316,437</u>
Total turnover			
<hr/>			
Group trading profit	2	23,385	19,978
Interest charges	4	4,701	3,898
Group profit before taxation		<u>18,684</u>	<u>16,080</u>
Taxation	5	5,550	4,334
Group profit after taxation		<u>13,134</u>	<u>11,746</u>
Minority interests		469	91
Group profit before extraordinary items		<u>12,665</u>	<u>11,655</u>
Extraordinary items	6	1,534	727
Group profit after extraordinary items		<u>11,131</u>	<u>10,928</u>
Preference dividends	7	70	70
Group profit attributable to ordinary shareholders		<u>11,061</u>	<u>10,858</u>
Ordinary dividends	7	5,974	5,973
Profit retained	8	<u>5,087</u>	<u>4,885</u>
Earnings per share	9	19.29p	17.81p
	basic	18.87p	17.38p
	fully diluted		
<hr/>			
Statement of reserves			
Balance at beginning of year:		47,559	31,167
Previously reported		—	11,900
Change in treatment of deferred taxation		<u>47,559</u>	<u>43,067</u>
As restated		(1,158)	(393)
Items taken direct to reserves	8	5,087	4,885
Retained profit		<u>51,488</u>	<u>47,559</u>
Balance at end of year			

Notes on the accounts, pages 32 to 39.

Consolidated Balance Sheet

29th December 1979		Notes	1979 £000	1978 £000
<hr/>				
Assets employed	Current assets			
	Stocks and work in progress	10	80,419	66,486
	Debtors, bills receivable and prepayments		79,095	65,776
	Bank and cash balances		634	136
	Total current assets		<u>160,148</u>	<u>132,398</u>
	Current liabilities			
	Creditors and accrued charges		72,153	54,238
	Bank overdrafts and other short term borrowings	19	14,258	7,937
	Current taxation	11	7,161	6,218
	Proposed dividends		4,375	4,374
	Total current liabilities		<u>97,947</u>	<u>72,767</u>
	Net current assets		62,201	59,631
	Fixed assets	13	41,635	36,552
	Trade investments	15	1,268	1,068
	Total net assets		<u>105,104</u>	<u>97,251</u>
<hr/>				
Financed by	Ordinary shares	17	16,322	16,320
	Reserves	18	51,488	47,559
	Ordinary share capital and reserves		67,810	63,879
	Preference shares	17	1,291	1,291
	Total share capital and reserves		69,101	65,170
	Medium and long term indebtedness	19	29,254	24,532
	Deferred taxation	20	3,308	3,867
	Minority interests		3,441	3,682
	Total funds		<u>105,104</u>	<u>97,251</u>

L Fletcher Chairman

G Davies Deputy chairman

Notes on the accounts, pages 32 to 39.

Balance Sheet

GLYNWED

	29th December 1979	Notes	1979 £000	1978 £000
Assets employed				
Current assets				
Debtors and prepayments			323	1,072
Bank balances			282	28
Total current assets			<u>605</u>	<u>1,100</u>
Current liabilities				
Creditors and accrued charges			3,828	2,456
Bank overdrafts and other short term borrowings	19		16,027	9,919
Current taxation			2,346	2,999
Proposed dividends			4,375	4,374
Total current liabilities			<u>26,576</u>	<u>19,748</u>
Net current liabilities			<u>(25,971)</u>	<u>(18,648)</u>
Interest in subsidiaries	12		124,206	94,532
Trade investments	15		115	263
Advance corporation tax recoverable			6,174	6,514
Total net assets			<u>104,524</u>	<u>82,661</u>
Financed by				
Ordinary shares	17		16,322	16,320
Reserves	18		59,879	41,384
Ordinary share capital and reserves			<u>76,201</u>	<u>57,704</u>
Preference shares	17		1,291	1,291
Total share capital and reserves			<u>77,492</u>	<u>58,995</u>
Medium and long term indebtedness	19		27,410	23,742
Deferred taxation			(378)	(76)
Total funds			<u>104,524</u>	<u>82,661</u>

L Fletcher Chairman

G Davies Deputy chairman

Notes on the accounts, pages 32 to 39.

Notes on the Accounts

1. Accounting policies

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

Basis of accounting

The historical cost convention has been 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 have been included at valuations in excess of original cost are detailed in note 13 on page 36.

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.

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 have been 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.

Depreciation

Depreciation is calculated using the straight line method on the gross values of fixed assets without any deduction for government grants as follows:

- (i) Freehold buildings at 2% per annum.
- (ii) Leasehold land and buildings over 50 years or the period of the lease whichever is the less.
- (iii) Plant, 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.

1. Accounting policies (continued)

Government grants

Government grants in respect of capital expenditure are taken to deferred credit account which is deducted from the net book value of fixed assets (note 13 on page 36). A proportion is credited annually to the consolidated profit and loss account by reference to the average life of the relevant fixed assets.

Market value of trade investments

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

Deferred taxation

Provision is made for deferred taxation at the rate of corporation tax ruling at the year end. In view of the projected levels of capital investment and stockholding, the deferred taxation liability has been restricted to an amount which, in the opinion of the directors, is likely to become payable in the foreseeable future.

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.

2. Group trading profit

	1979 £000	1978 £000
This is stated after crediting:		
Income from listed investments	74	66
Interest on deposits and loans	245	51
	<u>319</u>	<u>117</u>
and after charging:		
Depreciation (note 13 on page 36)	4,904	4,413
Less		
Transfer from deferred credit account	(81)	(182)
	<u>4,823</u>	<u>4,231</u>
Hire of plant, equipment and vehicles	2,386	1,948
Emoluments of directors of Glynwed Limited		
As directors	20	18
As executives	237	177
Pension paid to former executive director	—	1
	<u>257</u>	<u>196</u>
Auditors' remuneration		
Glynwed Limited	31	33
Subsidiaries	341	258
	<u>372</u>	<u>291</u>

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:

<i>Chairman</i>			
1979	£42,712 (1978 £33,592)		
<i>Other directors</i>		Number of directors	
	£	1979	1978
35,001 to 40,000		1	—
30,001 to 35,000		3	—
25,001 to 30,000		—	3
20,001 to 25,000		1	—
15,001 to 20,000		1	1
5,001 to 10,000		2	2
Up to 5,000			

Note:

One director waived his right to fees of £355.

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

		Number of employees	
	£	1979	1978
20,001 to 25,000		4	—

4. Interest charges

	1979	1978
	£000	£000
Bank overdrafts, bank loans and other short term borrowings	3,374	1,977
Other loans repayable on or before 31st December 1984	96	662
Other loans repayable after 31st December 1984	1,231	1,259
	4,701	3,898

5. Taxation

	1979	1978
	£000	£000
On the profit of the year:		
United Kingdom corporation tax at 52%	4,931	5,086
Overseas taxation	993	244
Transfer from deferred taxation	(295)	(888)
	5,629	4,442
Previous year adjustments	(79)	(108)
	5,550	4,334

The taxation charge has benefited from accelerated capital allowances, stock appreciation relief and certain other timing differences. 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 £3,640,000 (1978 £3,156,000).

6. Extraordinary items

	1979	1978
	£000	£000
Termination costs on discontinued activities	3,058	1,813
Less: taxation relief applicable	(1,524)	(1,086)
	1,534	727

7. Dividends		1979	1978
		£000	£000
	Preference dividends 5.425% (formerly 7 $\frac{3}{4}$ %)	70	70
	Ordinary dividends:		
	Interim dividend paid of 2.45p per share (1978 2.45p)	1,599	1,599
	Proposed final dividend of 6.70p per share (1978 6.70p)	4,375	4,374
	9.15p per share (1978 9.15p)	5,974	5,973
8. Profit retained		1979	1978
		£000	£000
	Glynwed Limited	18,477	1,722
	Subsidiary companies	(13,390)	3,163
		5,087	4,885
The subsidiary companies have paid dividends in excess of their profits earned in the year following adoption of the UK statement of standard accounting practice relating to deferred taxation.			
9. Earnings per share			
	The basic earnings per share is calculated on earnings of £12,595,000 (1978: £11,585,000) and 65,282,000 ordinary shares of 25p each (1978: 65,038,000 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, cash, loan stock or a combination of all three.		
	The fully diluted earnings per share is based on adjusted earnings of £12,762,000 (1978: £11,753,000) and adjusted shares of 67,640,000 (1978: 67,640,000 shares).		
	Earnings and shares assume that the holders of 6% convertible unsecured loan stock 1983/85 have exercised fully in 1978 and 1979 the conversion rights described in note 19 on page 39 of the accounts.		
10. Stocks and work in progress		1979	1978
		£000	£000
	Raw materials and consumable stores	23,802	19,849
	Work in progress	11,864	8,831
	Finished goods and distribution stocks	44,753	37,806
		80,419	66,486
11. Current taxation		1979	1978
		£000	£000
	United Kingdom corporation tax	3,721	3,297
	Advance corporation tax	2,575	2,942
		6,296	6,239
	Overseas taxation	865	(21)
		7,161	6,218
12. Interests in subsidiaries		1979	1978
		£000	£000
	Shares at or below cost	54,110	52,376
	Amounts owing from subsidiaries	84,912	61,644
		139,022	114,020
	Amounts owing to subsidiaries	(14,816)	(19,488)
		124,206	94,532

A list of subsidiaries which traded during the year is given on page 41.

Notes on the Accounts

13. Fixed assets

	Land and buildings			Plant, equipment and vehicles	1979 Total fixed assets £000	1978 Total fixed assets £000
	Freehold £000	Leasehold Long £000	Short £000	£000		
Cost and valuation:						
At 30th December 1978	23,637	709	547	54,081	78,974	77,226
Exchange adjustments	(199)	—	—	(358)	(557)	(632)
New subsidiaries	1,449	141	6	2,970	4,566	—
Additions at cost	1,216	—	50	7,735	9,001	8,101
Disposals	(576)	—	(32)	(3,156)	(3,764)	(5,721)
At 29th December 1979	25,527	850	571	61,272	88,220	78,974
Cost	14,131	776	555	57,316	72,778	63,836
Valuation (see below)	11,396	74	16	3,956	15,442	15,138
	25,527	850	571	61,272	88,220	78,974
Accumulated depreciation:						
At 30th December 1978	7,304	194	192	34,398	42,088	41,546
Exchange adjustments	(46)	—	—	(217)	(263)	(270)
New subsidiaries	33	84	4	2,074	2,195	—
Provision for the year	402	19	21	4,462	4,904	4,413
Disposals	(77)	—	(12)	(2,611)	(2,700)	(3,601)
At 29th December 1979	7,616	297	205	38,106	46,224	42,088
Net book value:						
At 29th December 1979	17,911	553	366	23,166	41,996	—
At 30th December 1978	16,333	515	355	19,683	—	36,886
Deduct:					(361)	(334)
Deferred credit account					41,635	36,552

Valuations have been incorporated in fixed assets as follows:

Valuations have been incorporated in fixed assets				
	Land and buildings		Plant, equipment and vehicles	
	Freehold	Leasehold		
	£000	Long £000	Short £000	£000
<i>Professional valuations</i>				
1953—1968	1,315	19		
1969	607			
1970	1,266			
1972	1,546			
1973	275			
1978	1,341			
<i>Directors' valuations</i>				
1963—1964	4,925	55	16	3,956
1970	121			
	11,396	74	16	3,956

14. Capital expenditure

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

Total expenditure authorised

Group	
1979 £000	1978 £000
1,976	520
2,208	1,819
4,184	2,339

Glynwed Limited had no capital commitments (1978: nil).

15. Trade investments

	Group		Glynwed Limited	
	1979 £000	1978 £000	1979 £000	1978 £000
Listed equity shares, at cost	1,128	754	—	—
Unlisted equity shares, at or below cost	140	314	115	263
	1,268	1,068	115	263
Market value of listed shares	950	714	—	—

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

The following information is given in respect of the investment in unlisted equity shares, 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
Steelways Inc	U.S.A.	400 shares no par value	40
Vulcathene South Africa (Pty) Ltd	South Africa	R32,000	50
W & Rj Plant (Engineers) Ltd	England	£10,300	50*

None of the above companies have been dealt with as associated companies as their figures are not significant to the group. No loan capital has been created.

*Shares held by a subsidiary of Glynwed Limited

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 30th December 1978	80,000	20,000	65,280	16,320
Issued to stockholders exercising rights under 6% convertible unsecured loan stock			8	2
Balance at 29th December 1979	80,000	20,000	65,288	16,322
5.425% Cumulative Preference Shares of £1 each fully paid (formerly 7¾%)	1,291	1,291	1,291	1,291

2,351,729 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.

Notes on the Accounts *continued*

18. Reserves

	Share Premium £000	Other Reserves £000	Goodwill on Consoli- dation £000	Total £000
Group				
Balance at 30th December 1978	21,324	37,736	(11,501)	47,559
Premium on shares issued	18			18
Exchange differences and adjustments in overseas subsidiaries:				
Retained profit		(127)		(127)
Other reserves		(64)		(64)
Movement on goodwill			(985)	(985)
Profit retained		5,087		5,087
Balance at 29th December 1979	21,342	42,632	(12,486)	51,488
Available for distribution		40,090		40,090
Not available for distribution	21,342	2,542	(12,486)	11,398
	21,342	42,632	(12,486)	51,488
Glynwed Limited				
Balance at 30th December 1978	21,324	20,060		41,384
Premium on shares issued	18			18
Profit retained		18,477		18,477
Balance at 29th December 1979	21,342	38,537		59,879
Available for distribution		37,699		37,699
Not available for distribution	21,342	838		22,180
	21,342	38,537		59,879

19. Loan capital and borrowed money

	Group		Glynwed Limited	
	1979 £000	1978 £000	1979 £000	1978 £000
Secured				
Sterling:				
7.5% Debenture Stock 1989/94	3,053	3,087	3,053	3,087
Other currencies	835	1,087	—	—
Total secured loans	3,888	4,174	3,053	3,087
Unsecured				
Sterling:				
10.75% loan stock 1994/99	5,886	5,886	5,886	5,886
6.0% convertible loan stock 1983/85	5,803	5,823	5,803	5,823
Term loans	14,000	14,000	14,000	9,000
Bank overdrafts	8,152	3,399	14,546	9,700
Other currencies:				
Term loans	1,114	172	—	—
Bank overdrafts	4,669	4,015	149	165
Total unsecured loans	39,624	28,295	40,384	30,574
Total loan capital and borrowed money	43,512	32,469	43,437	33,661
Amounts repayable in one year or less or on demand included in current liabilities	14,258	7,937	16,027	9,919
Amounts repayable in more than one year shown as long and medium term loans	29,254	24,532	27,410	23,742
Total	43,512	32,469	43,437	33,661

19. Loan capital and borrowed money (continued)

	Group		Glynwed Limited	
	1979	1978	1979	1978
	£000	£000	£000	£000
Bank borrowings	28,270	16,792	28,695	18,865
Other borrowings	15,242	15,677	14,742	14,796
Total borrowings	43,512	32,469	43,437	33,661
Bank borrowings repayable:				
In one year or less or on demand	13,990	7,514	15,945	9,865
Between one and two years	3,749	1,349	2,500	1,250
Between two and five years	4,164	3,861	4,027	3,750
In five years or more	6,367	4,068	6,223	4,000
Total bank borrowings	28,270	16,792	28,695	18,865
Other borrowings repayable:				
In one year or less or on demand	268	423	82	54
Between one and two years	226	269	106	82
Between two and five years	564	655	393	354
In five years or more	14,184	14,330	14,161	14,306
Total other borrowings	15,242	15,677	14,742	14,796

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 £411,215 of stock.

The convertible unsecured loan stock carries the right, exercisable in any of the years 1980 to 1983, to convert 246,772 nominal amount of stock into one ordinary share of 25p. The holders of £19,953 loan stock exercised the conversion option at 30th September 1979.

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:

	1979		1978	
	Provision made	Full potential liability	Provision made	Full potential liability
	£000	£000	£000	£000
Timing differences mainly between tax allowances and depreciation	2,351	9,697	3,233	9,085
Stock appreciation relief	2,832	10,901	2,788	11,992
Advance corporation tax recoverable	(1,875)	(1,875)	(2,154)	(2,154)
Corporation tax payable if properties were disposed of at revalued amounts	—	311	—	260
	3,308	19,034	3,867	19,183

Auditors' Report

To the members of Glynwed Limited

We report on the accounts set out on pages 28 to 39. These have been prepared under the historical cost convention, as explained in the statement of accounting policies set out on pages 32 and 33.

In our opinion the accounts give a true and fair view of the state of affairs at 29th December 1979 and of the profit and source and application of funds for the year ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1967.

We have also examined the supplementary statements prepared under the current cost convention as specified in the Accounting Standards Committee's Exposure Draft No 24 together with the explanatory notes as set out on pages 42 and 43. In our opinion they fairly restate in summarised form the results of the period and financial position of the group under that convention.

Coopers & Lybrand
Chartered Accountants
Birmingham

Coopers & Lybrand

25th April 1980

Financial Calendar 1980

Annual general meeting	18th June
Final ordinary dividend payable	3rd July
Half year end	28th June
Interim ordinary dividend payable	17th December
Preference dividend payable	30th June, 31st December
1980 year end	27th December
<hr/>	
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

Trading Subsidiaries

GLYNWED

The following is a list of the company's principal subsidiaries which traded during the year ended 29th December 1979, 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 Electronics Ltd †
Glynwed Bathroom & Kitchen Products Ltd †
Glynwed Distribution Ltd
Glynwed Domestic & Heating 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
William Embley Ltd (including deferred shares)

Incorporated and operating overseas

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

* Shares held by subsidiaries of
Glynwed Limited.

† Companies not audited by Coopers
& Lybrand. The aggregate assets of
such companies at 29th December 1979
amounted to 24% of the group assets.

Consolidated Current Cost Profit and Loss Account

For the 52 weeks ended 29th December 1979		Notes	1979 £000
Turnover			
Home			281,484
Overseas (including exports)			64,037
Total turnover			345,521
Group trading profit			
Current cost adjustments	2		13,926
Group trading profit after current cost adjustments			9,459
Gearing adjustment	5	4,596	
Less interest charges		4,701	
			105
Current cost profit before taxation			9,354
Taxation			5,550
Current cost profit after taxation			3,804
Minority interests			290
Current cost profit before extraordinary items			3,514
Extraordinary items			1,534
Current cost profit after extraordinary items			1,980
Preference dividends			70
Current cost profit attributable to ordinary shareholders			1,910
Ordinary dividends			5,974
			(4,064)
Earnings per share — basic			5.3p

Notes to Current Cost Profit and Loss Account and Balance Sheet

The accounts have been prepared in accordance with Exposure Draft No 24 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

	£000
Cost of sales adjustment (COSA) (Note 3)	7,037
Monetary working capital adjustment (MWCA) (Note 4)	4,194
Depreciation adjustment (Note 6)	2,695
	13,926
Gearing adjustment 33%	4,596
Net current cost adjustments	9,330

Following the above adjustments and the reduction in profits attributable to minority interests, historical cost reserves have been reduced by £9,151,000.

3. Stocks and work in progress

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

4. 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.

Consolidated Current Cost Balance Sheet

GLYNWED

	29th December 1979	Notes	1979 £000
Assets employed			
	Current assets		
	Stocks and work in progress	3	81,123
	Debtors, bills receivable and prepayments		79,095
	Bank and cash balances		634
	Total current assets		160,852
	Current liabilities		
	Creditors and accrued charges		72,153
	Bank overdrafts and other short term borrowings		14,258
	Current taxation		7,161
	Proposed dividends		4,375
	Total current liabilities		97,947
	Net current assets		62,905
	Fixed assets		70,325
	Trade investments		1,268
	Total net assets		134,498
Financed by			
	Ordinary shares		16,322
	Capital maintenance reserve	7	38,724
	Other reserves		42,337
	Ordinary share capital and reserves		97,383
	Preference shares		1,291
	Total share capital and reserves		98,674
	Medium and long term indebtedness		29,254
	Deferred taxation		3,308
	Minority interests		3,262
	Total funds		134,498

5. Gearing adjustment

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

6. Fixed assets

Fixed assets have been valued as follows:

a) Plant, equipment and vehicles

These have been valued at net current replacement cost using index numbers appropriate to the various industry classifications within the group.

b) Land and buildings

A professional valuation of the group's land and buildings was made at 29th December 1979 and this valuation has been incorporated in the current cost accounts.

c) Depreciation adjustment

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

7. Capital maintenance reserve

Surplus on revaluations:	£000
Land and buildings	22,014
Plant, equipment and vehicles	9,371
Stocks and work in progress	7,741
Monetary working capital adjustment	4,194

Gearing adjustment

43,320
4,596
38,724

Notice of Meeting

Notice is hereby given that the thirty-ninth annual general meeting of Glynwed Limited will be held at Headland House, Sheldon, Birmingham, on Wednesday, 18th June 1980 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 1979.
- 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
J C Blakeley
Secretary



Birmingham
19th May 1980

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 20th May 1980 to 17th June 1980 inclusive, and at the place of the meeting for 15 minutes prior to the meeting and during the meeting.