

Contents 1974

Glynwed Limited

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By Appointment to Her Majesty The Queen,
Manufacturers of Kitchen and Bathroom Equipment
Glynwed Limited London

GLYNWED

Certified true copy of original signed accounts

DIRECTOR

SECRETARY

W. J. P. Jones

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Financial calendar and other information

Glynwed Limited

Publication of results

Full year's results for 1974
Report and accounts for 1974

Announced 18th March 1975

Posted to shareholders on 22nd April 1975

Half year's results for 1975

To be announced on 6th August 1975

Annual general meeting

To be held on Friday, 16th May 1975

Dividend and interest payments

The pattern of dividend and interest payments will be:

| | |
|-------------------------------------|-------------------------------|
| Ordinary shares: Final | 23rd May |
| Interim | 22nd December |
| Preference shares | 30th June and 31st December |
| 7½% debenture stock | 6th June and 6th December |
| 10½% 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

| | 1974 | 1973 |
|---|--------|--------|
| Employees | | |
| Average number of employees (U.K. and overseas) | 19,792 | 19,739 |

Shareholders

As at 28th December 1974, ordinary shareholders totalled 18,217 (1973 - 18,768) and these are analysed below:

| No. of shares | % of shareholders | % of shares in issue |
|------------------|-------------------|----------------------|
| 1 - 2,000 | 92.23 | 17.48 |
| 2,001 - 5,000 | 4.39 | 5.17 |
| 5,001 - 50,000 | 2.54 | 17.39 |
| 50,001 - 250,000 | 0.69 | 29.43 |
| Over 250,000 | 0.15 | 30.53 |
| | <u>100.00</u> | <u>100.00</u> |

Corporate bodies, some 11.66% of all shareholders, own 70.15% of the shares in issue.

Notice of meeting

Glynwed Limited

Notice is hereby given that the thirty-fourth annual general meeting of Glynwed Limited will be held at the Midland Hotel, Birmingham, on Friday the 16th day of May 1975, 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 28th December 1974.
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, West Midlands
22nd April 1975

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 14th May 1975. 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 22nd April 1975 to 15th May 1975, inclusive and at the place of the meeting for 15 minutes prior to the meeting and during the meeting.

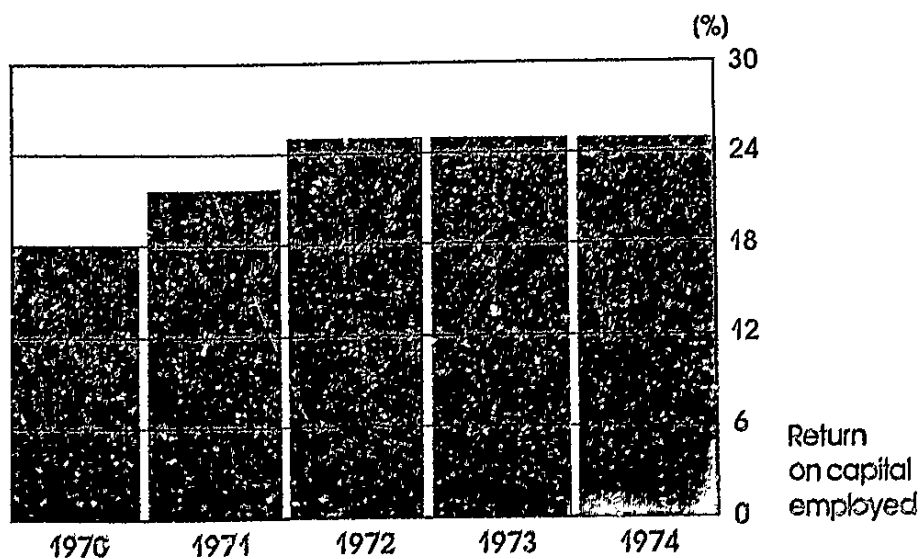
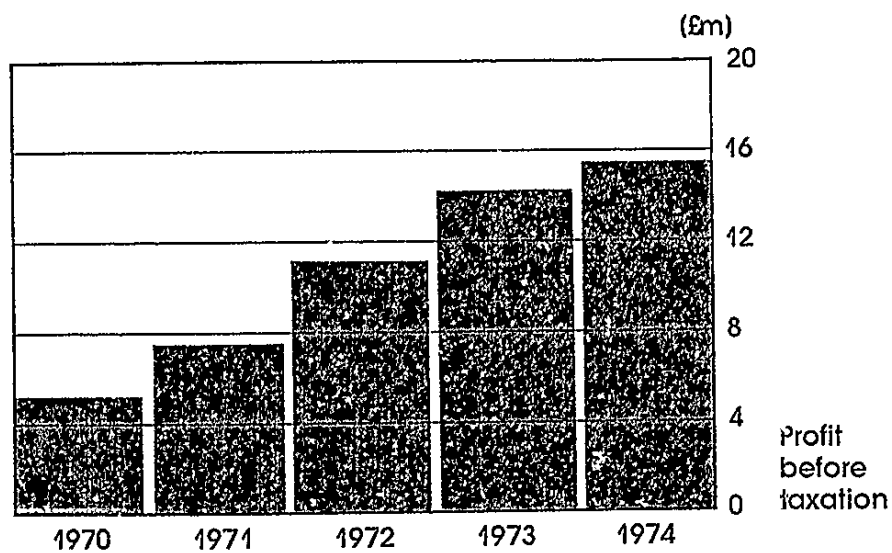
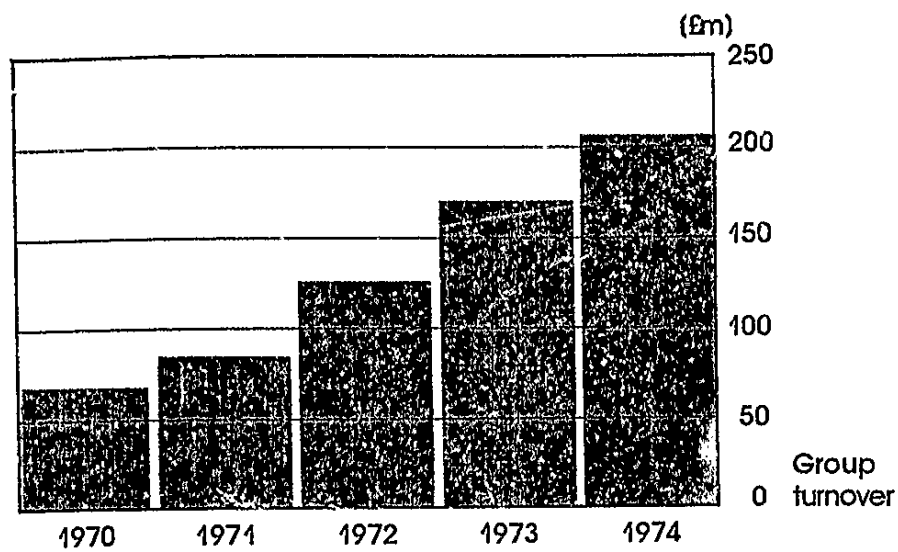
Financial highlights

Glynwed Limited and subsidiary companies

| | 1974 £000 | 1973 £000 |
|--|--------------|--------------|
| Turnover | 208,353 | 171,614 |
| Group trading profit | 17,493 | 15,830 |
| Debenture and loan stock interest | 1,783 | 1,825 |
| Group profit before taxation | 15,710 | 14,005 |
| Group profit attributable to ordinary shareholders | 6,834 | 7,313 |
| Ordinary dividends | 2,930 | 2,880 |
| Group profit retained | 3,904 | 4,433 |
| Net assets employed | 77,622 | 65,609 |
| Capital expenditure | 5,406 | 5,068 |
| Depreciation | 3,453 | 3,192 |
| Earnings on ordinary capital | 58.6% | 63.4% |
| Earnings per ordinary share (1973 adjusted) | | |
| — basic | 15.52p | 15.09p |
| — fully diluted | 14.92p | 14.18p |
| Dividends per ordinary share | 6.2785p | 6.2785p |

Five years of growth

10 12



Chairman's statement

continued

The year's activities

United Kingdom

During the year, the decline in the building industry both in new construction and in home improvement was in large measure offset by the buoyancy of demand for steel products, and both our steel re-rolling and stockholding divisions protected the overall profitability of the group. This provided an excellent example of the benefits of the programme of diversification over the past few years.

As always, the group is sensitive to the price of copper which during the first few months of 1974, rose rapidly to an unprecedented £1,400 per tonne. Had there been a further increase or had that price persisted for any significant length of time, our financial resources would have come under some pressure. However, a steady decline started by the middle of the year and by the end, the price had fallen to £533 per tonne. This relief, helped us to maintain an acceptable level of borrowing whilst financing dramatic increases in the cost of steel and other raw materials which took place in 1974.

The particular profit earners of the year were Glynwed Steels, Steel Stockholding and Fastenings Distribution which produced excellent results with record profits in all areas. As far as other United Kingdom activities are concerned, our Domestic Appliance Division had a very difficult year, making losses in some areas but we believe we are now seeing a gradual improvement. On the other hand, the Plastics Division is now, after several poor years, approaching an adequate return on capital employed and we have also developed and are now in full production of plastic baths which, together with our cast iron and steel baths, will complete the range.

I have already indicated some of the problems which have faced industry during the last twelve months and there seems little doubt that we shall continue to live through a period of intense pressure on the private sector of industry, partly as a result of inflation but also in the form of proposed legislation such as the Industry Bill and the Employment Protection Bill, which will not improve the relationship between Government and industry.

Last year I said we were keeping liquidity under constant review. During 1974, we instituted a tighter method of central control. This system, with its emphasis on cash, is designed to provide sufficient funds to allow us to pay the group's taxes, maintain a modest reinvestment programme and to pay dividends to shareholders, at the same time taking into account the need, to which I have already referred, of sufficient cash generation simply to meet the costs of inflation.

In order to facilitate the day-to-day management of the new method of central control, and bearing in mind further retirements which are due over the next twelve months or so, a small Group Executive has been formed. Accountable to this Executive are chief executives and, in some cases, managing directors, each of whom is responsible for the profitability and direction of his particular area of activity.

Finally, shareholders will be pleased to hear that during 1974 we were granted the Royal Warrant as manufacturers of kitchen and bathroom equipment to Her Majesty the Queen.

South Africa

In 1974, Defy Industries in South Africa achieved excellent results and we also succeeded in carrying out the flotation of Defy on the Johannesburg Stock Exchange. Some 16% of new equity was offered to the public and was fully subscribed although the stock market began to fall away during the course of the issue. Nevertheless, this enabled Defy to repay a loan to the parent company and this, together with dividends, brought back into the United Kingdom almost £1m during the year.

Whilst dealing with South Africa there are two other factors which I should mention. First of all, the chairman of Defy, Mr. A. G. Longmore, retired after many years association with Defy and the group, and we are indeed grateful to him for his loyalty and excellent contributions during the years.

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Second, we have continued in our discussions and efforts concerning the conditions of employment of our African employees. We have set up a formal six monthly reporting system, we are working towards a training scheme both inside Defy and with other interested companies in South Africa and, of course, the level of wages and other benefits has continued to rise during the year. We cannot yet claim to have arrived at a position with which we are satisfied, but shareholders can be sure that our South African colleagues are as intent as we are here on achieving that goal. On page 33 you will find information relating to our South African business which we have been requested by the Government, to make public.

Prospects

In looking to the future, the general state of the United Kingdom economy is of prime concern to a group such as Glynwed which is spread over several important sectors. Reference has already been made to the low level of activity in the building industry but we are also faced with similar problems in the motor industry, consumer durable field and the general engineering sector. Given the need to contain inflation, it is difficult to see how the Government can promote a material upturn in the economy during 1975 and this must of course have its effect upon the group. Nevertheless still to have in 1975 so many people waiting for their own homes and over 1.5 million existing houses without adequate bathrooms, the direction of more money into this area would seem to be of greater importance than some of the industrial interventions of late. Whilst Glynwed, as one of the principal suppliers of building materials in the United Kingdom, has a vested interest in the level of activity in the building industry, any improvement will obviously be of benefit both in terms of work for our employees and profits for the group; the social advantages to the country need no emphasis.

As far as external factors are concerned, whilst doubt remains as to whether we stay in the E.E.C., plans for British industry must be retarded and it is hoped that once the referendum has taken place, whatever the decision, it will be accepted as the settled policy of the country.

As for an indication of profits for 1975 I can only say that with the overriding need during the next few months to generate more cash, profits may temporarily diminish, particularly if the level of industrial activity in the United Kingdom continues to decline. Defy Industries in South Africa is also feeling the effects of a downturn in building activity which cannot fail to be reflected in the results for 1975. Overall, therefore, it is not possible at this stage to expect profits to be as high as those for 1974.

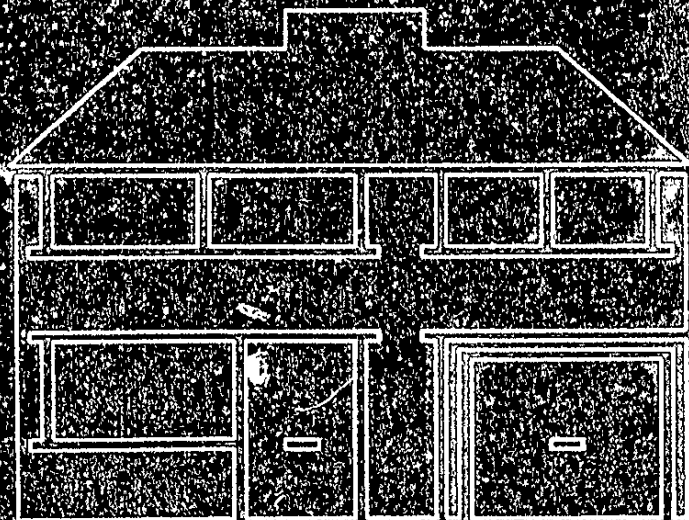
Appreciation

During the year we were sorry to lose the services of Mr. W. W. Ingram who left the board on reaching retiring age. Mr. Ingram has given many years of loyal service to the group and we shall miss the value of his contributions to our deliberations on the main board.

I will conclude by expressing the sincere appreciation of the board to all employees of the group for their efforts during the year and in particular would place on record our gratitude for the splendid co-operation during the period of the three-day week.

L. FLETCHER,
Chairman

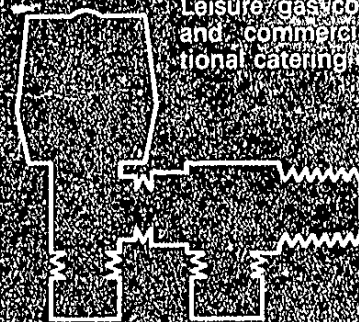
Building Central Heating Products



The Glywed Group is the largest single supplier of materials and equipment to Britain's building industry and is responsible for manufacturing some of the best known products on the market.

We make Aga and Rayburn cookers and Aga central heating boilers, Vogue baths, basins and showers, Leisure and Paul kitchen sinks, vanity units and radiators, Flavel and Leisure gas cookers and fires, and commercial and institutional catering equipment.

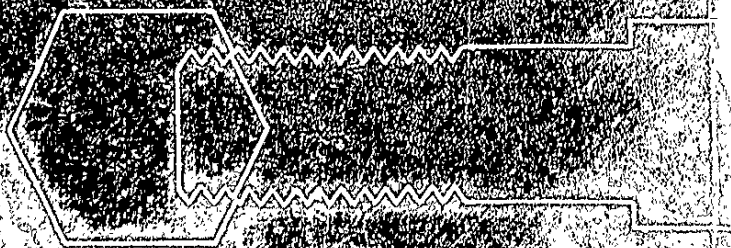
We also produce things that are less well known but just as essential for life today – like Wednesbury copper tube and fittings, microbore central heating equipment and stainless steel tube, and a whole range of steel floors, stairways, handrails and fabrications.



Steel and Engineering

The products of these divisions are widely used by the building, automotive and general engineering industries.

We are large suppliers of a wide range of fastenings (nuts, bolts, studs, pins and staples), hot rolled and bright drawn bars and cold rolled strip. In addition we produce steel and malleable tube fittings to the Oil and Gas industries. Glywed Foundries also supply cast iron rainwater and drain pipes, and a variety of castings and fittings in steel and other materials.



GROUP ACTIVITIES

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

Catering Equipment

Sidney Flavel & Co.

Flavel gas cookers and
fires

Leisure Domestic Division

Leisure gas cookers and
fires

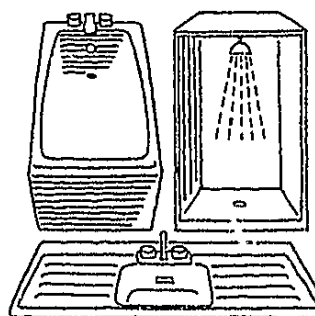
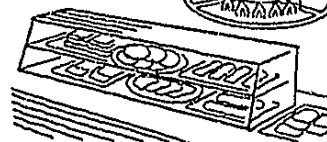
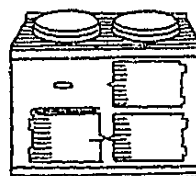
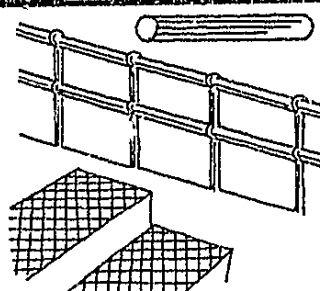
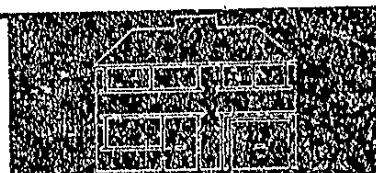
Glynwed Bathroom & Kitchen Products Ltd.

Vogue Bathrooms

Baths, Handbasins &
Shower Trays

Leisure Kitchen Products

Sinks
Handbasins
Vanity units
Shower cubicles
Radiators
Special fabrications



Building and Consumer Products

A large proportion of our products are supplied to the building trade, the majority of which are sold through builders' merchants. There was a considerable downturn of the housing programme during 1974 which affected all suppliers to the industry, particularly in the second half of the year. In addition, the modernization of old houses did not reach the numbers expected.

The Tubes & Structures Division was affected by the downturn in trade as well as by the price of copper which reached an unprecedented £1,400 per ton early in the year and then fell to £533 during December. The steel fabrication companies had a successful year and stainless steel tube was in good demand.

The Domestic & Heating Appliances Division had a poor year and losses were made in some areas, but there are indications of a gradual improvement. Agaheat Appliances was the brightest spot in this Division and Falcon Catering also improved its position, and with its new models and methods of production it will be in a very strong market situation when trading improves.

The Bathroom & Kitchen Products Division was likewise affected. The demand for cast iron baths was also influenced by the increased intrusion of plastic baths into this traditional market. We are looking hard at the possibility of exports to offset this fall in demand. In the meantime we have felt it necessary to close one Bath production unit.

Glynwed Limited

Steel and Engineering

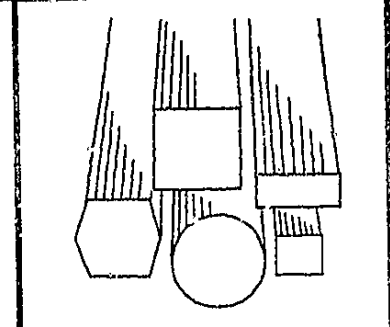
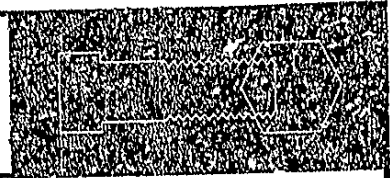
Glynwed Steels Ltd.

George Gadd & Co.
W. Wesson

Steel Parts

Clarke Pressings
Joseph Gillott & Sons

Hot rolled steel bars
Hot and cold rolled flats,
bright drawn steel bars,
rods and flats
Bright drawn steel bars
and rods, hot forgings
General presswork
Hot rolled steel and alloy
bars and sections

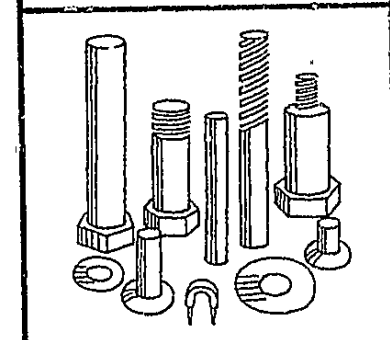


Glynwed Screws & Fastenings Ltd.

Glynwed Fastenings
Hipkiss Slingsby
Yarwood Ingram & Co.

M. V. Engineering Co.
Tower Manufacturing

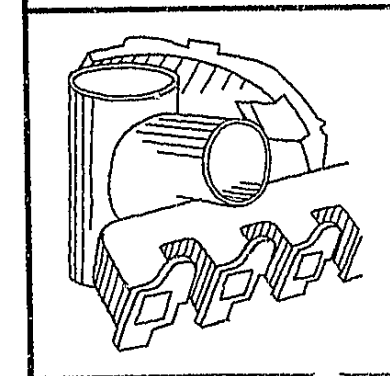
High tensile bolts
Steel tube fittings
Bright and high tensile
studs
Bright and high tensile
studs
Semi-tubular rivets,
masonry nails and
cable clips



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.



Steel and Engineering

The Steels Division had a buoyant year and was able to achieve realistic margins and very satisfactory results. This was in a way surprising as there was a considerable shortage of their raw materials, i.e. billets and slabs. Great improvements were made to the mills in Sheffield and a small continuous mill for rolling from coil was set up successfully at West Bromwich where the relay-out in the Bright Drawing Department improved productivity and working conditions considerably. This Division performed extremely well during 1974.

The Screws & Fastenings Division had a successful year, despite the failure of the Motor Industry to reach its production target, but some of the special products going to the building trade fell off considerably. Oil and gas industries were booming and this section ended up the year very satisfactorily.

The Foundries Division was busy throughout the year in the supply of motor and engineering castings. Demand for castings supplied for cooking and heating units fell off later in the year, but there was a good market for rainwater and soil products, which should continue to do well in the coming year.

Stockholding and Distribution

Glynwed Distribution Ltd. *Steel Stockholding*

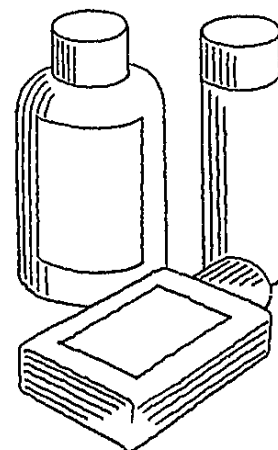
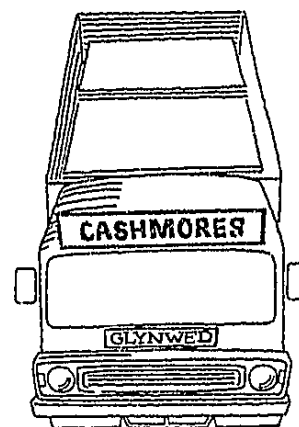
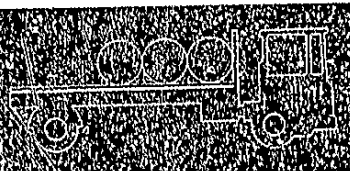
| | |
|--------------|------------------------------|
| Cashmores | Steel stockholders |
| Macreadys | Steel stockholders |
| Frank Stacey | Stainless steel stockholders |

Fastenings Distribution

| | |
|----------------------------|-----------------------------------|
| Dudley & Green | Stockists of all screwed products |
| Lewthwaite Miller Bearings | Stockists of bearings |
| W. Lewthwaite & Sons | Stockists of chains and sprockets |
| M B S Bearings | Stockists of bearings |
| 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 |



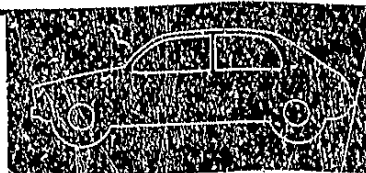
Stockholding and Distribution

Steel Stockholding was hampered by the inability of British Steel Producers to supply sufficient to meet demand and much effort and money had to be expended in importing steel from all over the world to try and satisfy their customers; in spite of the supply problems the Division had a record year.

Fastenings Distribution went from strength to strength. A new branch was opened in Caerphilly in South Wales and the Leeds depot expanded so fast that they had to seek new premises which will be opened early in 1975. They have established themselves as leading distributors of fasteners wherever depots have been established. Bearings are now being distributed from the same depots as fasteners and with the acquisition of Milson Bearings we are in a very strong position to grow in this market.

The Wholesale Chemists Division continue to improve their trading and their profits.

Other divisions and trading companies



Glynwed Integrated Services Ltd.

Brent Metal Works

Dalcon Joinery

Integrated Equipment Services

Syma System (UK)

James White (Shopfitters)

T.B. Mechanical Services/D.G.F.

Architectural Metal workers

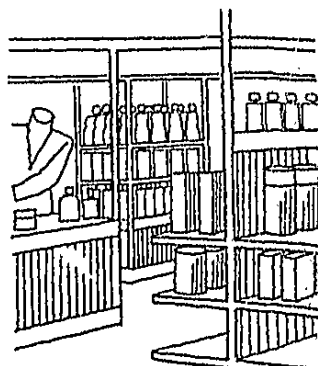
Joinery manufacturers and
shopfitters

Shop and display equipment
suppliers and shopfitters

Extruded aluminium shopfittings
and exhibition systems

Shopfitters

Heating and air-conditioning,
mechanical engineers



Glynwed Plastics Ltd.

Arlington Plastics

J. Burns

Jupiter Plastics

Vulcathene and Enfield
Plastics

Certex Limited

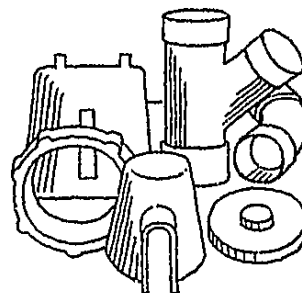
Plastic Coated Fabrics

Injection Moulding and
automotive trim components

H.F. plastic welding and vacuum
forming

Plastic chemical and domestic
waste drainage systems

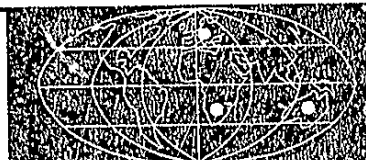
Thermoplastic extrusions and
machined plastics



Thames Bank Iron Co. Ltd.

Drain specialists and builders castings

Overseas operations



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.

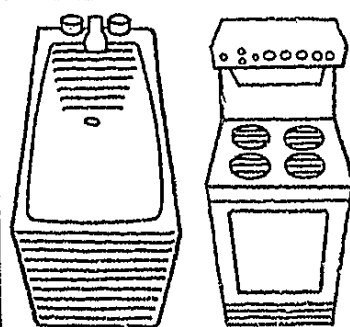
Australia

Distributors

Nederlandse Auto fitting Fabriek B.V.

Holland

Agricultural plastic products



Other Divisions and Trading Companies

Plastics

After several poor years the Plastics Division became profitable as the result of considerable reorganisation. Two companies have joined this Division, namely Naff, a Dutch company manufacturing agricultural sprinkler systems and Certex which will shortly be marketing plastic window frames. During the year Jupiter Plastics started producing plastic baths, a full range of which will become available in 1975.

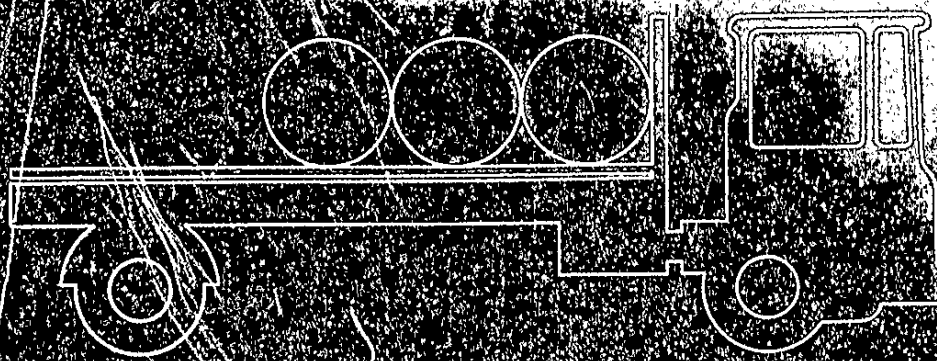
Integrated Services

This Division was in the course of reorganisation during the year. It has the potential to be a profitable and useful unit in the near future.

Overseas

Despite a market downturn in building activity during the last quarter of 1974, Defy Industries Ltd., of South Africa managed to produce good results through greater market penetration of its consumer durable products. Much effort is going towards improving the wages, training and working conditions of their employees.

Stockholding and Distribution

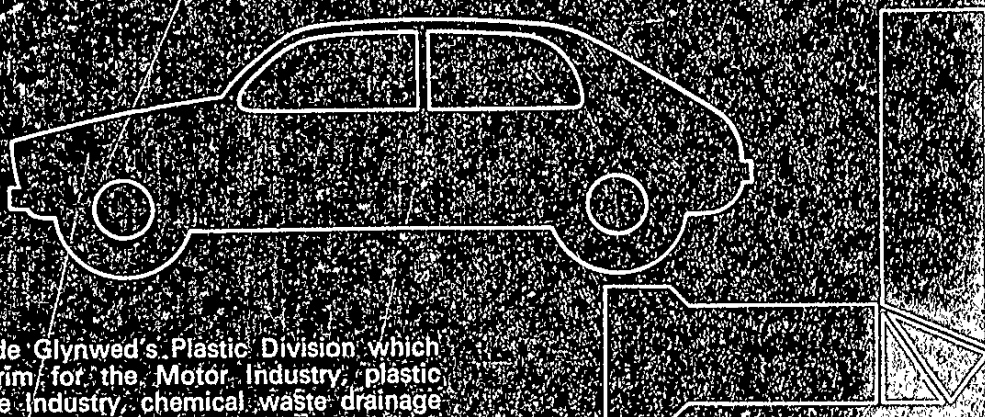


Stockholding is the vital link in the chain between the large producers of steel and the manufacturer. Glynwed is now the second largest steel stockholder in the United Kingdom operating through Cashmores and Macreadys and supplying a variety of steel in many forms from depots throughout the country. Steel Stockholding also includes a ferrous and non-ferrous scrap section and a Machine Tool section, both operating in the Midlands and South Wales.

Fastenings Distribution supplies all types of screwed products and ball and roller bearings, wherever and whenever they are wanted.

The Wholesale Chemist division specialises in the distribution of a wide range of medical and other supplies to doctors, hospitals and the retail trade.

Other divisions and trading companies



These include Glynwed's Plastic Division which produces interior trim for the Motor Industry, plastic fabrics for the Shoe Industry, chemical waste drainage systems for hospitals and schools, and various mouldings and vacuum formed and welded items. Acrylic baths and P.V.C. window frames are also now being produced.

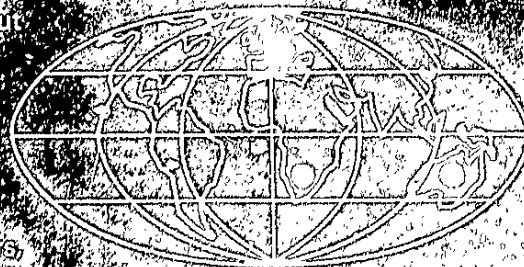
Glynwed Integrated Services Division is the shopfitting subsidiary of Glynwed and supplies fittings and display equipment to wholesale and retail outlets throughout the United Kingdom, and supplies in addition heating and ventilating systems, pipework and sprinkler systems, whilst Thames Bank Iron Co. Ltd., supplies cast iron and plastic rainwater and soil goods to the trade.

Overseas operations

Defy Industries Ltd. operate throughout South Africa as the country's major producer of gas and electric cookers, coal stoves and cast iron baths. Defy also supply washing machines, tumble driers, deep freezers and air conditioning equipment.

In Australia, Allied Ironfounders Pty. Ltd. is primarily an assembly and marketing operation for Aga and Rayburn cookers, and the Ganymede institutional catering system.

Glynwed's operation in the Netherlands mainly covers the production of plastic products such as Vulethane's chemical waste drainage system and Niffe's agricultural sprinkler system.



15 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 G. E. Richards, C.Eng., M.I.Mech.E. |
| Non-Executive Director | J. D. Eccles |

| | |
|--------------------------|---|
| 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, Courtwood House, Silver Street Head, Sheffield, S1 3RD |
| Head Office | Dudley Road West, Tividale, Warley, West Midlands, B69 2PH Telephone 021-557 6451 |
| Registered Office | Oxford Street, Bilston, West Midlands, WV14 7DS |

Executive officers of operating divisions

| | |
|---|---------------------|
| Tubes & Structures (The Wednesbury Tube Co.) | J. M. Hill |
| Domestic & Heating Appliances | C. R. R. Bennett |
| Bathroom & Kitchen Products | E. W. Pedlow |
| Steels | W. Garner |
| Screws & Fastenings | D. W. Richardson |
| Foundries | S. Smith |
| Steel stockholding | R. Cashmore |
| Fastenings distribution | F. C. W. Whitehouse |
| Plastics | J. E. Templeman |

Directors' report

Glynwood Limited

To be presented to the members at the annual general meeting of the company to be held at the Midland Hotel, Birmingham, on Friday, 16th May 1975 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 28th December 1974.

1 Group results

The group results are set out on page 16. The profit available for appropriation after providing for debenture and loan stock interest, taxation, minority interests, extraordinary items and preference dividends is

£000

6,834

2 Ordinary dividends

| | pence per share | £000 |
|--|--------------------|--------------|
| Your directors recommend payment of a final dividend of | 3.8285 | 1,787 |
| which together with the interim dividend already paid of | 2.45 | 1,143 |
| makes a total for the year of | <u>6.2785</u> | <u>2,930</u> |

The interim dividend was paid on 27th December 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. 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, and plastic products for the building and motor industries.

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 | |
|---------------------------------------|----------------|----------------|---------------|---------------|
| | 1974 | 1973 | 1974 | 1973 |
| | £000 | £000 | £000 | £000 |
| United Kingdom operations: | | | | |
| Building and consumer products | 64,479 | 63,280 | 2,911 | 5,559 |
| Steel and engineering | 38,500 | 27,864 | 4,733 | 3,253 |
| Stockholding and distribution | 70,674 | 51,929 | 7,558 | 5,323 |
| Other divisions and trading companies | 14,532 | 12,495 | 497 | 15 |
| | <u>188,185</u> | <u>155,568</u> | <u>15,699</u> | <u>14,150</u> |
| Overseas operations: | | | | |
| Household and industrial appliances | 20,168 | 16,046 | 1,794 | 1,680 |
| | <u>208,353</u> | <u>171,614</u> | <u>17,493</u> | <u>15,830</u> |

The profit is before charging debenture and loan stock interest. The review of activities is given on pages 7 and 8.

Directors' report

continued

3 Principal activities—continued

The geographical analysis of turnover is as follows:

| | 1974 | | 1973 | |
|----------------------|----------------|--------------|----------------|--------------|
| | £000 | % | £000 | % |
| Africa | 20,663 | 9.9 | 16,890 | 9.8 |
| Europe | 1,848 | 0.9 | 1,500 | 0.9 |
| Asia and Australasia | 2,459 | 1.2 | 801 | 0.5 |
| The Americas | 1,151 | 0.5 | 747 | 0.4 |
| Total overseas | 26,121 | 12.5 | 19,938 | 11.6 |
| United Kingdom | 182,232 | 87.5 | 151,676 | 88.4 |
| | <u>208,353</u> | <u>100.0</u> | <u>171,614</u> | <u>100.0</u> |

4 Exports

The sales value of direct exports from the United Kingdom during the period was £5,801,605.

The group is a supplier to many major exporting companies and our products form part of the exports of those companies.

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 Nederlandse Autofitting Fabriek BV pursuant to an agreement dated 24th July 1974 with effect from 1st January 1974 for a cash consideration of 1,152,000 Dutch Florins (approximately £192,000) of which 600,000 Dutch Florins, provided for in creditors, will be paid over the period to 30th June 1979.

(b) The acquisition of 25,500 ordinary shares of £1 each (70% of the issued capital) in Certex Limited pursuant to an agreement dated 9th August 1974 with effect from 1st April 1974 for a cash consideration of £80,000. An option exists to acquire the balance of the shares between 31st January 1978 and 31st January 1980.

(c) The acquisition of the whole of the issued capital of Milson Bearing and Engineering Service Limited and Midland Bearing Stockists (Leicester) Limited pursuant to an agreement dated 11th September 1974 with effect from 1st January 1974 by the issue of 533,030 ordinary shares of 25p each fully paid. The estimated balance of the purchase consideration, which has been provided for in creditors, is to be satisfied by the further issue of ordinary shares which will be determined by their market value in May 1975. The number of shares thus determined will then result in an alteration to issued share capital and share premium account.

(d) The allotment to certain holders of the company's 9% unsecured loan stock 1974 on 1st October 1974 of 19,249 ordinary shares of 25p each at £1 per share in response to elections made on 30th September 1974 in respect of the subscription and/or conversion rights attaching to such stock. See also note 19 on page 25.

6 Defy Industries Limited (Incorporated in South Africa)

On 11th June 1974 Defy Industries Limited issued 1,550,000 new shares of 50 cents each at a price of 115 cents each to South African investors as the result of applications received in response to a Prospectus dated 8th May 1974 and the granting of a listing of the whole of the issued share capital of the company on The Johannesburg Stock Exchange on 12th June 1974. As a result of the issue the interest of Glynwed Limited in Defy Industries Limited is reduced from 100% to 83.77%.

In addition the company acquired the whole of the issued share capital of Electrical Construction Company (Proprietary) Limited pursuant to an agreement dated 31st August 1974 with effect from 1st March 1974 for a cash consideration of R700,000 (approximately £432,100) subject to adjustment in terms of certain warranties given by the vendors in regard to the results for the year ending 28th February 1975.

Further information on Defy Industries Limited is given on page 33.

7 Directors

The members of your board at 28th December 1974, all of whom have been directors for the whole of the period, are listed on page 9.

Lt.-Col. P. H. Gough retired on 14th May 1974 and Mr. W. W. Ingram on 12th September 1974.

In accordance with the articles of association Mr. G. Davies and Mr. M. A. Hastilow retire by rotation and, being eligible, offer themselves for re-election.

8 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 28th December 1974 | | 30th December 1973 | |
|---|---|-----------------------------------|-----------------------------|-----------------------------------|
| | 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 | — | 1,000 | — |
| E. M. Harvey | 117 | 1,000 | 117 | 1,000 |
| M. A. Hastilow | 1,025 | 400 | 1,025 | 400 |
| R. S. Heinrich | 20,000 | 9,000 | 20,000 | 9,000 |
| G. E. Richards | 15,000 | 500 | 10,000 | 500 |
| J. D. Eccles | 1,000 | 470 | 1,000 | 470 |
| 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 | — |
| G. E. Richards | 20,000 | — | 20,000 | — |
| | £ | £ | £ | £ |
| 9% unsecured loan stock | | | | |
| M. A. Hastilow | 35 | — | 35 | — |
| G. E. Richards | 2,114 | — | 2,114 | — |
| 10½% unsecured loan stock | | | | |
| M. A. Hastilow | 25 | — | 25 | — |
| G. E. Richards | 1,510 | — | 1,510 | — |

* Including non-beneficial trustee holdings.

Directors' report

continued

8 Interests in shares—continued

No change in the above holdings has been notified to the company in respect of the period 29th December 1974 to 22nd March 1975 other than the repayment in cash at par of the holdings of 9% unsecured loan stock on 31st December 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.

9 Directors' interests in contracts

No contract or arrangement entered into by the company subsisted during the year in which the directors were interested.

10 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 1974.

11 Share option scheme

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

12 Employees

The average number of persons employed by the group in the United Kingdom in each week of the period was 16,006 and the aggregate gross remuneration paid or payable to them in respect of the period was £30,804,635.

13 Fixed assets

The movements of fixed assets during the period are set out on page 22.

A professional valuation of the freehold and leasehold land and buildings of the group was made as at 28th December 1974 on the basis of existing use as between a willing buyer and a willing seller. Having regard to the professional valuation, the directors are of the opinion that the market value on the basis stated is in excess of the book value at 28th December 1974 by approximately £12m.

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

14 Political and charitable contributions

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

| | |
|----------------------------|--------|
| Charitable | £ |
| Educational (universities) | 15,698 |
| Political | 5,923 |
| | 8,580 |
| | <hr/> |
| | 30,201 |
| | <hr/> |

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

20

15 "Close" company

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

16 Auditors

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

Bilston, West Midlands
3rd April 1975

By order of the board
D. E. Drake
Secretary

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 results 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 results prior to that date are taken to reserves.
- (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 are taken to an investment grant deferred credit account which is deducted from the net book value of fixed assets (note 14 on page 22).

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 52% 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. In addition, the liabilities for corporation tax, payment of which has been deferred as a result of stock increase relief, are included at the rate of 52%. Advance corporation tax imputed from proposed dividends and available for subsequent set-off 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 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. 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 profit and loss account in the year in which it is incurred.

Extraordinary items

Material profits and losses which are completely outside the ordinary course of business and which are not expected to recur frequently or regularly are treated as extraordinary and shown separately in the profit and loss account.

Market value of trade investments

No provision is made against the book value of long term investments merely to reflect short term fluctuations in their market value.

Consolidated profit and loss account

Glynwed Limited and subsidiary companies

for the 52 weeks ended 28th December 1974

| | Notes | 1974 | 1973 |
|---|-------|----------------|----------------|
| | 1 | £000 | £000 |
| Turnover | 2 | | |
| Home | | 182,232 | 151,676 |
| Overseas (including exports) | | 26,121 | 19,938 |
| | | <u>208,353</u> | <u>171,614</u> |
| Group trading profit | 3 | 17,493 | 15,830 |
| Debenture and loan stock interest | 4 | 1,783 | 1,825 |
| Group profit before taxation | | <u>15,710</u> | <u>14,005</u> |
| Taxation | 5 | 8,282 | 6,518 |
| Group profit after taxation | | <u>7,428</u> | <u>7,487</u> |
| Minority interests | | 114 | 1 |
| Group profit before extraordinary items | | <u>7,314</u> | <u>7,486</u> |
| Extraordinary items | 6 | 410 | 103 |
| Group profit after extraordinary items | | <u>6,904</u> | <u>7,383</u> |
| Preference dividends | 7 | 70 | 70 |
| Group profit attributable to ordinary shareholders | | <u>6,834</u> | <u>7,313</u> |
| Ordinary dividends | 7 | 2,930 | 2,880 |
| Group profit retained | 8 | <u>3,904</u> | <u>4,433</u> |
| Earnings per share – basic | 9 | 15.52p | 16.25p |
| – fully diluted | | <u>14.92p</u> | <u>15.28p</u> |

Notes on accounting policies, page 15.

Notes on accounts, pages 19 to 25.

Consolidated balance sheet

Glynwed Limited and subsidiary companies

at 28th December 1974

| | Notes | 1974 £000 | 1973 £000 |
|---|-------|---------------|---------------|
| Employment of funds | | | |
| Current assets | | | |
| Stocks and work in progress | | 46,420 | 34,215 |
| Debtors, bills receivable and prepayments | | 45,127 | 42,374 |
| Bank and cash balances | | 496 | 478 |
| | | <u>92,043</u> | <u>77,067</u> |
| Current liabilities | | | |
| Creditors and accrued charges | 11 | 36,788 | 29,769 |
| Bank overdrafts and other short term borrowings | | 15,667 | 11,882 |
| Current taxation | 12 | 7,325 | 9,174 |
| Proposed dividends | | 1,822 | 2,880 |
| | | <u>61,602</u> | <u>53,705</u> |
| Net current assets | | 30,441 | 23,362 |
| Fixed assets | 14 | 30,633 | 29,052 |
| Trade investments | 15 | 881 | 1,313 |
| | | <u>61,955</u> | <u>53,727</u> |
| Source of funds | | | |
| Ordinary shares issued | 16 | 11,671 | 11,533 |
| Reserves | 17 | 30,839 | 26,753 |
| | | 42,510 | 38,286 |
| Preference shares issued | 16 | 1,291 | 1,291 |
| Total share capital and reserves | | 43,801 | 39,577 |
| <i>Less</i> | | | |
| Goodwill arising on consolidation | | 11,290 | 10,052 |
| | | <u>32,511</u> | <u>29,525</u> |
| Loan capital | 19 | 21,167 | 21,248 |
| Deferred taxation | 20 | 6,952 | 2,940 |
| Minority interest | | 1,325 | 14 |
| L. Fletcher } E. S. Baker } Directors | | <u>61,955</u> | <u>53,727</u> |

Notes on accounting policies, page 15.

Notes on accounts, pages 19 to 25.

Balance sheet

Glynwed Limited

at 28th December 1974

| | Notes | 1974 £000 | 1973 £000 |
|---|-------------|-----------------|-----------------|
| Employment of funds | | | |
| Current assets | | | |
| Debtors and prepayments | | 239 | 12 |
| Bank and cash balances | | 9 | 41 |
| | | <u>248</u> | <u>53</u> |
| Current liabilities | | | |
| Creditors and accrued charges | | 2,466 | 926 |
| Bank overdrafts and other short term borrowings | | 19,889 | 16,516 |
| Current taxation | 12 | 811 | 1,300 |
| Proposed dividends | | 1,822 | 2,880 |
| | | <u>24,988</u> | <u>21,622</u> |
| Net current liabilities | | (24,740) | (21,569) |
| Interest in subsidiaries | 13 | 85,558 | 77,625 |
| Trade investments | 15 | 96 | 1,308 |
| Advance corporation tax recoverable | 20 | 880 | 1,268 |
| | | <u>61,794</u> | <u>58,632</u> |
| Source of funds | | | |
| Ordinary shares issued | 16 | 11,671 | 11,533 |
| Reserves | 17 | 27,816 | 24,700 |
| | | <u>39,487</u> | <u>36,233</u> |
| Preference shares issued | 16 | 1,291 | 1,291 |
| Total share capital and reserves | | <u>40,778</u> | <u>37,524</u> |
| Loan capital | 19 | 21,167 | 21,248 |
| Deferred taxation | | (151) | (140) |
| L. Fletcher | } Directors | <u>61,794</u> | <u>58,632</u> |
| E. S. Baker | | | |

Notes on the accounts

Glynwed Limited and subsidiary companies

1 Comparative figures

The figures for 1974 include those of new subsidiary companies acquired during the year. The turnover and profits before taxation of these companies amounted to £2,971,000 and £182,000 respectively.

2 Turnover

Turnover represents sales of goods and services at invoice value excluding value added tax. For an analysis of the group's activities and the turnover and profitability of each activity see item 3 of the directors' report, page 10.

3 Group trading profit

| | 1974 £000 | 1973 £000 |
|---|--------------|--------------|
| This is stated after crediting: | | |
| Income from quoted investments (including £28,000 in respect of 1973) | 161 | 79 |
| Income from unquoted investments | — | 2 |
| Interest on deposits and loans | 29 | 4 |
| | <u>190</u> | <u>85</u> |
| and after charging: | | |
| (a) Depreciation charged against trading profit | 3,207 | 2,944 |
| after crediting: | | |
| Transfer from investment grant deferred credit account | 246 | 248 |
| Depreciation provision for the year (see note 14) | <u>3,453</u> | <u>3,192</u> |
| (b) Emoluments of directors of Glynwed Limited: | | |
| As directors | 4 | 6 |
| As executives | 202 | 182 |
| Pension paid to former executive director | 1 | 1 |
| | <u>207</u> | <u>189</u> |
| (c) Auditors' remuneration: | | |
| Glynwed Limited | 12 | 13 |
| Subsidiary companies (including £10,000 in respect of 1973) | 134 | 101 |
| | <u>146</u> | <u>114</u> |
| (d) Interest on bank overdrafts and short term borrowings | <u>2,245</u> | <u>959</u> |
| (e) Hire of plant, equipment and vehicles | <u>379</u> | <u>255</u> |

4 Debenture and loan stock interest

| | | |
|-------------------------------------|--------------|--------------|
| 7½% debenture stock | 263 | 265 |
| 9% unsecured loan stock | 529 | 569 |
| 10¾% unsecured loan stock | 633 | 633 |
| 6% convertible unsecured loan stock | <u>358</u> | <u>358</u> |
| | <u>1,783</u> | <u>1,825</u> |

26

5 Taxation

| | 1974 £000 | 1973 £000 |
|--|--------------|--------------|
| On the profit of the year: | | |
| United Kingdom corporation tax at 52% | 6,554 | 4,797 |
| Double taxation relief | <u>6</u> | <u>4</u> |
| | 6,548 | 4,793 |
| Overseas taxation | 791 | 623 |
| Transfer to deferred taxation | <u>735</u> | <u>1,164</u> |
| | 8,074 | 6,580 |
| Prior year adjustments: | | |
| Corporation tax | 50 | (172) |
| Overseas taxation | (91) | — |
| Deferred taxation (after charging £165,000 due to change of rate from 50% to 52% (1973 £694,000)) | 92 | 781 |
| Deferred taxation — adjustment to stock increase relief due to change of rate to 52% | <u>157</u> | <u>—</u> |
| | 3,282 | 7,189 |
| Adjustment for advance corporation tax | <u>—</u> | <u>(671)</u> |
| | <u>8,282</u> | <u>6,518</u> |

6 Extraordinary items

| | | |
|---|------------|------------|
| Loss arising on disposal of trade investment less taxation applicable | 410 | — |
| Professional and other charges in connection with an abortive bid | — | 58 |
| Goodwill written off | <u>—</u> | <u>45</u> |
| | <u>410</u> | <u>103</u> |

7 Dividends

| | | |
|---|--------------|--------------|
| Preference dividends | <u>70</u> | <u>70</u> |
| Ordinary dividends | | |
| Interim dividend paid of 2.45p per share (1973 — 2.45p) | 1,143 | 1,114 |
| Proposed final dividend of 3.8285p per share (1973 — 3.8285p) | <u>1,787</u> | <u>1,766</u> |
| 6.2785p per share (1973 — 6.2785p) | <u>2,930</u> | <u>2,880</u> |

8 Profit retained

| | | |
|-------------------------|--------------|--------------|
| By Glynwed Limited | 2,894 | 3,315 |
| By subsidiary companies | <u>1,010</u> | <u>1,118</u> |
| | <u>3,904</u> | <u>4,433</u> |

Notes on the accounts

continued

9 Earnings per share

The basic earnings per share is calculated on earnings of £7,244,000 (1973 £7,416,000) and 46,668,000 ordinary shares of 25p each (1973 46,640,000 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 £7,415,000 (1973 £7,694,000) and adjusted shares of 49,701,000 (1973 50,337,000 shares). Earnings and shares assume that the holders of 6% convertible unsecured loan stock 1983/85 have exercised in 1973 and 1974 the conversion rights described in note 19 on page 25 of the accounts.

Due to the change in the rate of corporation tax from an effective rate of 49% to 52% the earnings per share for 1974 and 1973 are not comparable. The calculation of basic and fully diluted earnings per share for 1973 at the same rate of tax as 1974 would be 15.09p and 14.18p respectively.

10 Directors' and employees' remuneration

1974 1973

Particulars of directors' remuneration excluding pension contributions are as follows:

Chairman who is also the highest paid director £23,545 £22,002

The number of other directors whose emoluments fall within the following ranges are:

| | | |
|--------------------|---|---|
| Up to £2,500 | 1 | 1 |
| £2,501 to £5,000 | 1 | 3 |
| £12,501 to £15,000 | 1 | 1 |
| £15,001 to £17,500 | 5 | 5 |
| £20,001 to £22,500 | 1 | 1 |

Number of employees of the group within the United Kingdom whose emoluments fall within the following ranges are:

| | | |
|--------------------|---|---|
| £10,001 to £12,500 | 5 | 4 |
| £12,501 to £15,000 | 1 | 2 |

11 Creditors and accrued charges

Included in group creditors are certain mortgaged and unsecured loans of a subsidiary totalling £1,239,000 (1973 nil).

12 Current taxation

Included in current taxation for 1974 is an amount of £1,750,000 in respect of advance corporation tax payable on the interim and final dividends. The liability to corporation tax on the 1974 profits has been relieved by an amount of £1,911,000 (Glynwed Limited £31,000) in respect of advance corporation tax paid during 1974. In addition, £942,000 advance corporation tax surcharge is recoverable by the parent company.

13 Interest in subsidiaries

| | 1974 | 1973 |
|---------------------------------|---------------|---------------|
| | £000 | £000 |
| Shares at or under cost | 53,017 | 52,246 |
| Amounts owing from subsidiaries | 49,574 | 41,075 |
| Amounts owing to subsidiaries | 102,591 | 93,321 |
| | 17,033 | 15,090 |
| | <u>85,558</u> | <u>77,525</u> |

A list of the principal trading subsidiaries is given on page 26

14 Fixed assets

| | Freehold | Land and buildings Leasehold (long leases) | (short leases) | Plant, equipment and vehicles | 1974 Total fixed assets | 1973 Total fixed assets |
|--|---------------|--|----------------|--|----------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost and valuation | | | | | | |
| At 29th December 1973 | 21,293 | 616 | 435 | 39,457 | 61,801 | 53,909 |
| Exchange adjustment | (145) | | | (148) | (293) | 1,182 |
| New subsidiaries | 126 | | 4 | 395 | 525 | 3,418 |
| Additions at cost | 1,250 | 49 | 54 | 4,053 | 5,406 | 5,068 |
| Disposals | (97) | | (14) | (1,983) | (2,094) | (1,776) |
| At 28th December 1974 | | | | | | |
| Cost | 11,131 | 591 | 463 | 34,813 | 46,998 | 43,177 |
| Valuation (see below) | 11,296 | 74 | 16 | 6,961 | 18,347 | 18,624 |
| | <u>22,427</u> | <u>665</u> | <u>479</u> | <u>41,774</u> | <u>65,345</u> | <u>61,801</u> |
| Accumulated depreciation | | | | | | |
| At 29th December 1973 | 6,435 | 114 | 132 | 24,795 | 31,476 | 28,099 |
| Exchange adjustment | (27) | | | (90) | (117) | 472 |
| New subsidiaries | 7 | | 2 | 128 | 137 | 978 |
| Provision for the year | 405 | 13 | 14 | 3,021 | 3,453 | 3,192 |
| Disposals | (8) | | (10) | (1,390) | (1,408) | (1,265) |
| At 28th December 1974 | <u>6,812</u> | <u>127</u> | <u>138</u> | <u>26,464</u> | <u>33,541</u> | <u>31,476</u> |
| Net book value | | | | | | |
| At 28th December 1974 | <u>15,615</u> | <u>538</u> | <u>341</u> | <u>15,310</u> | 31,804 | |
| At 29th December 1973 | <u>14,858</u> | <u>223</u> | <u>582</u> | <u>14,602</u> | | 30,325 |
| Deduct: | | | | | | |
| Investment grant deferred credit account | | | | | <u>1,171</u> | <u>1,273</u> |
| | | | | | <u>30,633</u> | <u>29,052</u> |

Valuations have been incorporated in fixed assets as follows:

| | Freehold | Land and buildings Leasehold (long leases) | (short leases) | Plant, equipment and vehicles |
|--------------------------------|---------------|--|----------------|--|
| | £000 | £000 | £000 | £000 |
| Professional valuations | | | | |
| 1953 | | 827 | 19 | |
| 1955 | | 187 | | |
| 1956 | | 68 | | |
| 1960 | | 233 | | |
| 1964 | | 52 | | |
| 1967 | | | | 9 |
| 1968 | | | | 3 |
| 1969 | | | | |
| 1970 | 1,701 | | | |
| 1972 | 355 | | | |
| | <u>1,462</u> | | | |
| Directors' valuations | | | | |
| 1963 | | | 16 | 108 |
| 1964 | 6,280 | 65 | | 6,841 |
| 1970 | <u>130</u> | | | |
| | <u>11,296</u> | <u>74</u> | <u>16</u> | <u>6,961</u> |

Notes on the accounts

continued

15 Trade investments

| | Group | | Glynwed Limited | |
|---|------------|--------------|-----------------|--------------|
| | 1974 | 1973 | 1974 | 1973 |
| | £000 | £000 | £000 | £000 |
| Quoted equity shares, at cost | 807 | 1,283 | 71 | 1,283 |
| Unquoted equity shares, at cost | <u>74</u> | <u>30</u> | <u>25</u> | <u>25</u> |
| | <u>881</u> | <u>1,313</u> | <u>96</u> | <u>1,308</u> |
| Market value of quoted shares at 28th December 1974 | <u>490</u> | <u>1,483</u> | <u>38</u> | <u>1,483</u> |

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

| | % of issued share capital | Cost of investments | |
|---|---------------------------------|---------------------|--------------|
| | | 1974 £000 | 1973 £000 |
| Associated companies | | | |
| Held by Glynwed Limited: | | | |
| 25,000 ordinary shares of £1 each in European Plumbing Materials Ltd. | 50% | 25 | 25 |
| Held by subsidiary company: | | | |
| 100 shares of R1 each in Gaycas (Pty) Ltd. | 50% | 14 | — |
| 1 share of R1 in Inkongweni (Pty) Ltd. | 50% | 12 | — |
| 30,000 shares of R1 each in Lease Air (Pty) Ltd. (all incorporated in South Africa) | 50% | 18 | — |
| Other | | | |
| Held by subsidiary company: | | | |
| 15,000 ordinary shares of £1 each in Irish Foundries Ltd. (incorporated in Eire) | 12.7% | 5 | 5 |
| | | <u>74</u> | <u>30</u> |

European Plumbing Materials Ltd. did not trade during 1974 and made neither profit nor loss. The figures of Gaycas (Pty) Ltd., Inkongweni (Pty) Ltd., and Lease Air (Pty) Ltd. were not sufficiently material to warrant treatment as associated companies for accounting purposes. No loan capital has been created. The directors estimate the value of unquoted investments to be equal to book value.

16 Share capital

| | Authorised | | Issued | |
|---|---------------|---------------|---------------|---------------|
| | No. of shares | | No. of shares | |
| | 000 | £000 | 000 | £000 |
| Ordinary Shares of 25p each | | | | |
| Balance at 29th December 1973 | 56,517 | 14,129 | 46,110 | 11,528 |
| Issued to stockholders exercising rights under 9% unsecured loan stock (see note 19, page 25) | | | 20 | 5 |
| Issued during the year in connection with the acquisition of new subsidiaries | | | 533 | 133 |
| Balance at 28th December 1974 | | | <u>46,663</u> | <u>11,666</u> |
| Issued and fully paid | | | <u>495</u> | <u>5</u> |
| Share ownership scheme 1p per share paid | <u>56,517</u> | <u>14,129</u> | <u>47,158</u> | <u>11,671</u> |
| 5.425% (formerly 7.2% 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> |

17 Reserves

| Group | Share premium £000 | Retained profit Not available for distribution £000 | Available for distribution £000 | Total £000 |
|--|-----------------------|--|---------------------------------------|---------------|
| Balance at 29th December 1973 | 12,322 | — | 14,431 | 26,753 |
| Premium on shares issued | 844 | | | 844 |
| Issue expenses | (62) | | | (62) |
| Exchange adjustment | | (176) | (134) | (310) |
| Reduction of goodwill on consolidation | | 176 | | 176 |
| Minority interests | (91) | | (375) | (466) |
| Profit retained | | | 3,904 | 3,904 |
| Balance at 28th December 1974 | <u>13,013</u> | <u>—</u> | <u>17,826</u> | <u>30,839</u> |
| Glynwed Limited | | | | |
| Balance at 29th December 1973 | 12,322 | 838 | 11,540 | 24,700 |
| Premium on shares issued | 222 | | | 222 |
| Profit retained | | | 2,894 | 2,894 |
| Balance at 28th December 1974 | <u>12,544</u> | <u>838</u> | <u>14,434</u> | <u>27,816</u> |

The opening balances of retained profit available for distribution have been increased by £79,000 to reflect an overprovision of the final dividend in the previous year's accounts due to subsequent changes in taxation.

18 Profit retained overseas

The revenue reserves of overseas subsidiary companies amounting to approximately £3,357,000 would be subject to additional taxation if remitted.

19 Loan capital

| | 1974 £000 | 1973 £000 |
|---|---------------|---------------|
| 7½% debenture stock 1989/94 | 3,467 | 3,528 |
| 9% unsecured loan stock 1974: | 5,850 | — |
| Cum rights | — | 2,876 |
| Ex rights | — | 2,994 |
| 10¾% unsecured loan stock 1994/99 | 5,886 | 5,886 |
| 6% convertible unsecured loan stock 1983/85 | 5,964 | 5,964 |
| | <u>21,167</u> | <u>21,248</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 open 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.

Under the terms of the supplemental trust deed, commencing in the year ended 6th December 1974, the company is to set aside by way of sinking fund an initial sum of £32,587 and a similar amount in subsequent years with the addition of the interest that would have been paid should that nominal amount of stock be redeemed. The total amount to be set aside by redemption date must be equal to 40% of the stock issued. Alternatively, the company may purchase in the open market a sufficient amount of stock, the par value of which must satisfy the sinking fund requirements. At 28th December 1974, the company had purchased and cancelled £60,840 nominal value of stock thus satisfying the sinking fund requirements up to that date, leaving £28,253 available for a similar future purpose.

Interest, which is also secured, is payable half-yearly on 6th June and 6th December. The gross interest of £17,601 accrued to 28th December 1974 has been included in creditors and accrued charges.

Notes on the accounts

continued

19 Loan capital continued

9% unsecured loan stock 1974

As a result of the exercise of rights by stockholders at 30th September 1974 £19,248 of the stock was cancelled, £27 of the stock was redeemed for cash at par, the balance of £5,850,583 being shown above (see also directors' report, paragraph 5 (d)).

The whole of the balance of the stock was repaid in cash at par on 31st December 1974.

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.

20 Deferred taxation

Deferred taxation at 52%

Advance corporation tax recoverable

| 1974 | 1973 |
|--------------|--------------|
| £000 | £000 |
| 7,832 | 4,208 |
| 880 | 1,268 |
| <u>6,952</u> | <u>2,940</u> |

Deferred taxation includes £2,777,000 for stock increase relief introduced under the 1975 Finance Act. The relief reduces the corporation tax liability based on the 1973 profits and represents a deferment of tax for a period which, under the present legislation, is uncertain. The stocks of certain subsidiaries decreased in 1974 and in the event of relief being withdrawn, deferred taxation of £777,000 would be affected.

21 Capital expenditure

Group

| | 1974 | 1973 |
|--|--------------|--------------|
| | £000 | £000 |
| Authorised by the board but not contracted | 1,159 | 731 |
| Contracted but not provided | 3,150 | 3,510 |
| Total expenditure approved | <u>4,309</u> | <u>4,241</u> |

Glynwed Limited had no capital commitments (1973 nil).

22 Contingent liabilities

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

Principal trading subsidiaries

Glynwed Limited

The following is a list of the company's principal trading subsidiaries at 28th December 1974, 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 and operating in the United Kingdom

Glynwed Tubes & Structures Ltd.

Glynwed Bathroom & Kitchen Products Ltd.

Glynwed Domestic & Heating Appliances Ltd.

Glynwed Integrated Services Ltd.

Glynwed Foundries Ltd.

Glynwed Plastics 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.

Crackley Ltd.

Cardinal Steels Ltd. (including preference shares)

* Gillotts Forge and Rolling Mills Ltd.

Certex Ltd. (70% owned)

Flavel Foundries Ltd.

Hickman (Aircraft) Ltd.

Milson Bearing and Engineering Service Ltd.

Midland Bearing Stockists (Leicester) Ltd.

Kind Store Equipment Ltd. (55% owned)

Incorporated and operating in Holland

Nederlandse Autofitting Fabriek BV

Incorporated and operating in South Africa

* Defy Industries Ltd. (84% owned) and its subsidiaries

Incorporated and operating in Australia

* Allied Ironfounders Pty. Ltd.

* Shares held by subsidiaries of Glynwed Limited.

Inflation adjusted accounts

Glynwed Limited and subsidiary companies

| | Historical basis 1974 £m | Current purchasing power basis 1974 £m |
|--|--------------------------------|---|
| Results for the 52 weeks ended 28th December 1974 | | |
| Turnover | 208.4 | 226.6 |
| Group trading profit | 17.5 | 16.4 |
| Debenture and loan stock interest | 1.8 | 1.9 |
| Group profit before taxation | 15.7 | 14.5 |
| Taxation | 8.3 | 8.3 |
| Group profit after taxation | 7.4 | 6.2 |
| Minority interests | 0.1 | 0.2 |
| | 7.3 | 6.0 |
| Extraordinary items | 0.4 | 0.9 |
| | 6.9 | 5.1 |
| Preference dividends | 0.1 | 0.1 |
| | 6.8 | 5.0 |
| Ordinary dividends | 2.9 | 2.9 |
| Group profit retained | 3.9 | 2.1 |
| Financial position at end of period | | |
| Net assets employed | | |
| Net current assets | 30.4 | 31.5 |
| Fixed assets | 30.6 | 48.3 |
| Trade investments | 0.9 | 0.9 |
| | 61.9 | 80.7 |
| <i>Less:</i> | | |
| Preference shares | 1.3 | 1.3 |
| Loan capital | 21.2 | 21.2 |
| Deferred taxation | 6.9 | 6.9 |
| Minority interest | 1.3 | 1.7 |
| | 30.7 | 31.1 |
| Total equity interest | 31.2 | 49.6 |
| Operating and financial statistics: | | |
| Group trading profit to turnover | 8.4% | 7.2% |
| Earnings per share — basic | 15.52p | 12.83p |
| fully diluted | 14.92p | 12.42p |
| Dividend cover | 2.33 | 1.75 |
| Return on total equity interest | 21.9% | 10.3% |
| Total equity interest per 25p ordinary share | £0.67 | £1.68 |

Notes on inflation adjusted accounts

1 Introduction

In May 1974, the Institute of Chartered Accountants in England and Wales issued Provisional Statement of Standard Accounting Practice No. 7, relating to "Accounting for changes in the purchasing power of money". This document recommends the provision of a supplementary statement in which figures appearing in the published accounts are converted into pounds of current purchasing power at the end of the financial year. The effect of applying these proposals to the accounts for 1974 in terms of common values at 28th December 1974 is shown in this statement.

2 Basis

The effects of inflation are eliminated from the historical accounts by restating them in pounds of current purchasing power in accordance with movements in the General Index of Retail Prices since 1962 (or corresponding indices in overseas countries) and the United Kingdom Consumers' Expenditure Deflator prior to that date. The change in the retail price index in the year under review shows a rate of inflation in the United Kingdom of 19% during that year.

3 Group trading profit

The difference between the group profit on an historical basis and on a current purchasing power basis is made up as follows:

| | |
|--|-------------|
| Group trading profit (historical basis) | £m |
| Adjustments to convert to current purchasing power basis | 17.5 |
| Stock: | |
| Additional charge based on restating the cost of stock at the beginning and end of the year in pounds of current purchasing power, thus taking the inflationary element out of the profit on the sale of stock | (6.0) |
| Depreciation: | |
| Additional charge based on cost, measured in pounds of current purchasing power, of fixed assets | (1.8) |
| Monetary items: | |
| Net gain in purchasing power resulting from the effect of inflation on the company's net monetary liabilities | 6.2 |
| Sales, purchases and all other costs: | |
| These are restated by using the change in the index between the average date at which they occurred and the end of the year. This adjustment increases profit as sales exceed the costs included in this heading | 0.5 |
| Group trading profit (current purchasing power basis at 28th December 1974) | <u>16.4</u> |

4 Taxation

As the Inland Revenue do not at present accept the current purchasing power basis of accounting, taxation liabilities are calculated by reference to profits or capital gains stated on an historical basis and no adjustment therefore has been made to the tax charge for 1974 or to the deferred tax account shown in the historical accounts.

5 Net current assets, preference shares, loan capital and deferred taxation

Stocks have been converted to current purchasing power level at 28th December 1974 by reference to indices ruling at the average date of purchase. The remaining figures under these headings in the historical accounts as at 28th December 1974 are unaltered since these already reflect current purchasing power.

6 Fixed assets including trade investments

The values of fixed assets have been brought up to a current purchasing power level at 28th December 1974 by converting the historical values by reference to changes in the indices mentioned in note 2 above between the dates of acquisition or valuation and 28th December 1974.

The total increase in the net book amount of fixed assets including trade investments for 1974 measured in current purchasing power is £17.7m. This does not imply that the assets could actually be sold at this higher figure. No provision has been made for taxation on any capital gain which might arise if the fixed assets were sold at the above figure.

7 Monetary items

The preference shares and loan capital at 29th December 1973 amounted to £1.3m and £21.2m respectively. £1.3m and £21.2m at the beginning of the year are equivalent in purchasing power to £1.5m and £25.3m respectively at 28th December 1974. Because the company's liability to the preference shareholders and providers of the loan capital is fixed at £1.3m and £21.2m in monetary terms there is a decline in liability in real terms of £0.2m and £4.1m respectively. These reductions in the company's obligations in terms of current purchasing power are included in the net gain on monetary items of £6.2m shown in note 3. The balance of the net gain on monetary items represents the diminution in real terms of deferred tax, creditors and other current liabilities, less debtors and trade investments.

Source and application of funds

Glynwed Limited and subsidiary companies

| | 1974 £000 | 1973 £000 |
|--|---------------|---------------|
| Source of funds | | |
| Profit attributable to ordinary shareholders | 6,834 | 7,816 |
| Adjustments for items not involving the movement of funds | | |
| Depreciation less transfer from investment grant deferred credit account | 3,207 | 2,944 |
| Increase in deferred taxation | 3,572 | 870 |
| Minority interests in the profits of the period | 114 | 1 |
| | <u>6,893</u> | <u>3,816</u> |
| Total generated from operations | 13,727 | 11,128 |
| Funds from other sources | | |
| Shares issued: acquisition of subsidiaries | 341 | 4,739 |
| Conversion/subsorption rights attaching to 9% unsecured loan stock | — | 654 |
| Share flotation by subsidiary | 1,099 | — |
| | <u>1,440</u> | <u>5,393</u> |
| Exchange adjustment | (133) | 378 |
| | <u>1,307</u> | <u>5,771</u> |
| | 15,034 | 16,899 |
| Application of funds | | |
| Increase in stock and work-in-progress | 12,205 | 8,785 |
| Increase in debtors, bills receivable and prepayments | 2,753 | 14,020 |
| Increase in creditors and accrued charges | (4,552) | (12,682) |
| Ordinary dividends: Parent Company | 2,930 | 2,880 |
| Minority interest in subsidiary company dividend | 90 | — |
| Capital expenditure net of disposals and investment grant | 4,969 | 6,969 |
| Decrease in trade investments | (432) | (102) |
| Goodwill arising on acquisition of subsidiaries in current year | 723 | 4,736 |
| Goodwill adjustment on prior year acquisitions | — | (92) |
| Reduction of loan capital | 61 | 631 |
| Expenses on issue of shares | 63 | 68 |
| Minority interests arising on acquisition of subsidiaries | (9) | — |
| | <u>18,801</u> | <u>26,213</u> |
| Increase in bank overdrafts and other short term borrowings | 3,767 | 8,314 |
| Summary of the effects of new acquisitions | | |
| Stocks and work-in-progress | 947 | 2,358 |
| Debtors, bills receivable and prepayments | 998 | 7,397 |
| Bank overdraft | (206) | (1,283) |
| Creditors and accrued charges | (1,625) | (3,376) |
| Fixed assets | 388 | 2,381 |
| Trade investments | 45 | — |
| Goodwill | 723 | 1,736 |
| Deferred tax | (26) | (130) |
| Minority interest | (9) | — |
| | <u>1,235</u> | <u>7,395</u> |
| Discharged by | | |
| Shares issued | 341 | 4,739 |
| Shares to be issued | 160 | — |
| Cash paid | 632 | 2,930 |
| Cash to be paid | 102 | — |
| | <u>1,235</u> | <u>7,669</u> |

Auditors' report

Glynwed Limited

To the members of Glynwed Limited

In our opinion, based on our examination and the reports of the auditors of certain subsidiaries not audited by us, the accounts set out on pages 15 to 26 and page 29 together give a true and fair view of the state of affairs at 28th December 1974 and of the profit for the period ended on that date and comply with the Companies Acts 1948 and 1967.

We have also examined the current purchasing power statement together with explanatory notes set out on pages 27 and 28. These have been prepared in accordance with the Provisional Statement of Standard Accounting Practice No. 7. In our opinion, based on our examination and the reports of the auditors of subsidiaries not audited by us, they fairly restate in summarised form the profit for the period, and the financial position of the group expressed in terms of the general purchasing power of money at 28th December 1974.

Birmingham, 24th March 1975

Coopers & Lybrand
Chartered Accountants

Comparison of results

Glynwed Limited and subsidiary companies

1970

| | £000 |
|--|---------------|
| Turnover | 73,387 |
| Consolidated profit | |
| Profit before charging interest and taxation | 6,939 |
| <i>Less</i> | |
| Interest on bank overdrafts and other short term borrowings | 331 |
| | <u>6,608</u> |
| Group trading profit | 1,562 |
| Debtenture and unsecured loan stock interest | |
| | <u>5,046</u> |
| Group profit before taxation | Note 1 |
| <i>Less</i> | |
| Taxation | 2,006 |
| Minority interests | 45 |
| Pre-acquisition profit | — |
| | <u>2,995</u> |
| Surplus for the year | 2,995 |
| | |
| Preference dividend | 50 |
| Ordinary dividend | 2,139 |
| Group profit retained | Note 1 |
| | <u>806</u> |
| | <u>2,995</u> |
| Net assets employed | |
| Fixed assets | 18,377 |
| Net current assets | 19,347 |
| | <u>37,724</u> |
| Financed by: | |
| Ordinary shares issued | 7,506 |
| Reserves | 11,758 |
| | <u>19,264</u> |
| Ordinary shareholders' funds | 1,291 |
| Preference shares issued | |
| | <u>20,555</u> |
| Total share capital and reserves | 20,555 |
| <i>Less</i> | |
| Goodwill arising on consolidation | 5,817 |
| | <u>14,738</u> |
| Debtenture and unsecured loan stocks | 16,627 |
| Deferred taxation | 1,015 |
| Minority interests | — |
| | <u>32,380</u> |
| Bank overdrafts and other short term borrowings | 5,344 |
| | <u>37,724</u> |
| Operational and financial statistics | |
| Group trading profit to turnover | 9.0% |
| Earnings per share — basic (Note 2) | 8.5p |
| Dividend cover | 1.26 |
| Return on capital (consolidated profit to net assets employed) | 18.4% |
| Net assets employed per ordinary share | £1.26 |
| Cash flow (retained profit and depreciation) (£000) | £2,956 |

- Note:** 1. Before charging or crediting ex raordinary items.
 2. The earnings per share have been adjusted to reflect the same rate of corporation tax as 1974.

1971

£000
85,787

1972

£000
126,180

1973

£000
171,614

1974

£000
208,353

9,445

333

9,112

1,555

7,557

2,816

84

4,657

100

2,869

1,688

4,657

13,101

317

12,784

1,754

11,030

4,313

9

6,708

100

3,677

2,931

6,708

16,789

959

15,830

1,825

14,005

6,518

1

7,486

70

2,880

4,536

7,486

19,738

2,245

17,493

1,783

15,710

8,282

114

7,314

70

2,930

4,314

7,314

20,845

21,024

41,869

8,648

13,583

22,231

1,291

23,522

2,515

21,007

16,338

1,293

38,638

3,231

41,869

24,317

26,697

51,014

10,658

17,492

28,150

1,291

29,441

6,132

23,309

21,879

2,070

14

47,272

3,742

51,014

29,052

36,557

65,609

11,533

26,753

38,286

1,291

39,577

10,052

29,525

21,248

2,940

14

53,727

11,882

65,609

30,633

46,989

77,622

11,671

30,839

42,510

1,291

43,801

11,290

32,511

21,167

6,952

1,325

61,955

15,667

77,622

10.6%

11.0p

1.58

22.6%

£1.20

£4,237

10.1%

12.9p

1.74

25.7%

£1.18

£6,103

9.2%

15.1p

2.54

25.6%

£1.41

£7,728

8.4%

15.5p

2.33

25.4%

£1.65

£7,767

Defy Industries Limited

(incorporated in South Africa)

Information published in accordance with paragraph 4 of the Government Observations on the Fifth Report from the Expenditure Committee on Wages and Conditions of African Workers Employed by British Firms in South Africa (Command 5845).

Defy Industries Limited employs 2,199 African workers of whom 1,163 are in the lowest paid grade and are employed in the Newcastle works. The lowest paid receive R81.83 per month including guaranteed bonuses and overtime for 194 hours per month.

The PDL used by the company is that published by the Bureau of Market Research of the University of South Africa which in May 1974 specified R77.31 per month; all African employees receive more than the PDL.

The MEL is 50% above the PDL quoted above, i.e. R115.97 per month; there are 1,322 African employees paid below this level.

In addition to pay received by African employees, the company—

- i. pays a 5% contribution on basic pay to a pension fund for African workers which is non-contributory;
- ii. pays 70 cents per week per employee to a subsidised feeding scheme;
- iii. pays medical aid contributions to the industrial council;
- iv. provides free medical service for African employees.

Two African Labour/Training Officers have been engaged during the year at Newcastle and Jacobs and liaison committees formed, headed by these two employees with representatives of African employees and management, to discuss and negotiate on African problems and improve communication.

The company will ensure that the wage rates paid continue to be ahead of increments authorised by the wage agreement for the engineering industry and aims towards the attainment of the MEL for all African employees in due course.

Notes: PDL — Poverty datum level.
MEL — Minimum effective level.