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DOULTON & CO. LIMITED

Eighty-third Report and Accounts 1981



DOULTON & CO. LIMITED

Directors

VISCOUNT BLAKENHAM
(Chairman)

R. H. LAMB
(Managing Director)

SIR CAMPBELL ADAMSON

R. J. BAILEY, C.B.E.

L. D. BROWN

J. P. MEDD

ANGUS MURRAY, M.C.

A. A. WHITAKER

T. A. WRIGHT

Secretary

P. W. BORNEMAN

**Registered
Office**

46 Pall Mall, London, SW1Y 5LW
Registered in England No. 53713

Auditors

DELOITTE HASKINS & SELLS

Bankers

NATIONAL WESTMINSTER BANK plc

Report of the Directors

The directors present their report and the accounts of the group for the year ended 31st December 1981.

Profit and Dividends

The consolidated profit after taxation for the year attributable to Doulton & Co. Limited amounted to £7,639,000 from which have been deducted extraordinary items amounting to £5,099,000 details of which are given in note 6 on the accounts.

The following appropriations for dividends have been made:—

First interim ordinary dividend	1,750,000
Second interim ordinary dividend, declared but not yet paid	2,650,000
	<hr/>
	£4,400,000

The deficit for the year, deducted from reserves, amounted to £1,860,000.

In addition the deficit of £294,000 on reconversion of net assets in overseas currencies at 31st December 1980 has been deducted from reserves and the surplus of £50,000 arising from goodwill and revaluation adjustments has been added to reserves (Note 10).

Changes during the year

During the year two factories of Royal Doulton Tableware (Holdings) Limited and a number of businesses and depots of Doulton Glass Industries (Holdings) Limited were closed. Moon Brothers Limited, a subsidiary of Doulton Engineering Group Limited, ceased to trade.

Since the end of the year, conditional agreement has been reached for the sale of the Home Improvements division of Doulton Glass Industries and provision has been made in the 1981 accounts for the estimated resultant loss.

Principal Activities

The activities of the group during 1981 may be summarised under the four major subsidiaries as follows:—

Royal Doulton Tableware (Holdings) Limited	manufacture and distribution of china, earthenware and crystal glass tableware and ornamental ware.
Doulton Glass Industries (Holdings) Limited	glass merchanting, glazing and processing, installation of home improvement products and the manufacture of products which include laminated and tempered glass, double glazed units and aluminium products.
Doulton Engineering Group Limited	mechanical and electrical engineering, industrial and electrical ceramics.
Fairey Holdings Limited	specialist engineering including the manufacture of nuclear, hydraulic, filtration and defence equipment and boat building.

A list of the principal subsidiaries is given in note 18 and details of associated companies in note 15.

DOULTON & CO. LIMITED

Report of the Directors—*continued*

Turnover and profit before taxation are analysed as follows:—

	External turnover				Profit/(loss) before taxation			
	1981		1980		1981		1980	
	£000	%	£000	%	£000	%	£000	%
Royal Doulton Tableware	113,044	34	105,072	37	6,312	66	10,086	80
Doulton Glass Industries	97,869	30	97,632	34	(3,442)	(36)	(1,548)	(12)
Doulton Engineering Group	49,027	15	50,239	17	2,274	24	2,780	22
Fairey Holdings (1980—from 1st July)	67,792	21	26,440	9	4,354	46	505	4
Doulton Australia	—	—	7,717	3	—	—	722	6
	<u>327,732</u>	<u>100%</u>	<u>287,100</u>	<u>100%</u>	<u>9,498</u>	<u>100%</u>	<u>12,545</u>	<u>100%</u>
Associated Companies					738		1,350	
Head Office					(1,920)		(1,507)	
Profit of the group before taxation					<u>8,316</u>		<u>12,388</u>	
Geographical Analysis								
United Kingdom	205,452	63	189,569	66	148	2	3,484	32
America	56,517	17	42,079	15	3,315	44	3,341	30
Australasia	10,860	3	15,211	5	577	8	1,279	12
Europe	24,114	8	19,589	7	1,234	16	1,150	10
Africa	19,566	6	7,282	2	1,597	21	707	6
Asia	11,223	3	13,370	5	707	9	1,077	10
	<u>327,732</u>	<u>100%</u>	<u>287,100</u>	<u>100%</u>	<u>7,578</u>	<u>100%</u>	<u>11,038</u>	<u>100%</u>
Associated Companies					738		1,350	
Profit of the group before taxation					<u>8,316</u>		<u>12,388</u>	

The value of goods directly exported by United Kingdom companies including goods sold to overseas subsidiaries amounted to £87,675,000 (1980—£72,399,000).

Fixed assets

Details of changes in fixed assets during the year are shown in note 14.

It is estimated that the market value of all properties exceeded their book value by approximately £5,500,000. If all these properties were disposed of at estimated values the tax payable on the gains would be about £1,000,000.

Directors' interests

The interests of the directors and their families (other than directors who are also directors of the holding company, S. Pearson & Son plc), as recorded in accordance with Section 27 of the Companies Act 1967, are as follows:—

	Holdings of S. Pearson & Son plc 25p ordinary shares 31st December	
	1981	1980
Sir Campbell Adamson	—	—
R. J. Bailey	—	—
L. D. Brown	2,914	2,914
Angus Murray	—	—
T. A. Wright	4,734	4,734

There has been no change in the directors' interests during the period 1st January 1982 to 28th February 1982.

Directors

The directors of the company are named in the statement on page 1.

Sir Campbell Adamson, Mr. L. D. Brown and Mr. J. P. Medd are due to retire from the board by rotation and, being eligible, offer themselves for re-election.

Mr. F. W. Browne resigned from the board with effect from 7th January 1981 following the sale of Doulton Australia Limited. Mr. K. F. Bacon, formerly chief executive of Fairey Holdings Limited, resigned on 3rd July 1981.

At no time during the year has any director had any material interest in a contract with the company or any subsidiary of the company, being a contract of significance in relation to such companies' business.

Close company status

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

Auditors

The auditors, Deloitte Haskins & Sells, are willing to continue in office and their re-appointment at a remuneration to be agreed by the directors will be proposed at the Annual General Meeting.

46 PALL MALL,
LONDON SW1Y 5LW
15th March 1982

By order of the board
P. W. BORNEMAN
Secretary

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Consolidated Profit and Loss Account

for the year ended 31st December 1981

	Notes	1981 £000	1980 £000
TURNOVER	2	<u>327,732</u>	<u>287,100</u>
TRADING PROFIT	3	14,674	17,763
Interest payable less receivable	4	7,096	6,725
		<u>7,578</u>	<u>11,038</u>
Share of profits of associated companies		738	1,350
		<u>8,316</u>	<u>12,388</u>
PROFIT OF THE GROUP BEFORE TAXATION		8,316	12,388
Proportion attributable to minority interests		89	211
		<u>8,227</u>	<u>12,177</u>
PROFIT BEFORE TAXATION ATTRIBUTABLE TO DOULTON & CO. LIMITED		8,227	12,177
Taxation thereon	5	538	1,848
		<u>7,639</u>	<u>10,329</u>
PROFIT AFTER TAXATION		7,639	10,329
Extraordinary items	6	(5,099)	(1,190)
		<u>2,551</u>	<u>9,139</u>
PROFIT ATTRIBUTABLE TO DOULTON & CO. LIMITED		2,551	4,564
Dealt with in the accounts of Doulton & Co. Limited		(11)	4,575
Retained by subsidiary and associated companies		<u>2,540</u>	<u>9,139</u>
DIVIDENDS	7	<u>4,400</u>	<u>4,450</u>
TRANSFER (FROM)/TO RESERVE	10	<u>(1,860)</u>	<u>4,689</u>

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Consolidated Balance Sheet

31st December 1981

	Notes	1981 £000	1980 £000
CAPITAL EMPLOYED			
SHAREHOLDERS' INTEREST			
Issued share capital	9	4,509	4,509
Share premium		19,873	19,873
Reserves	10	42,332	44,436
Loan	13	33,500	33,500
		<u>100,214</u>	<u>102,318</u>
MINORITY INTERESTS		2,090	1,975
MEDIUM AND LONG TERM BORROWING	12	28,715	25,468
DEFERRED TAXATION	11	420	277
		<u>131,439</u>	<u>130,038</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	14	53,761	53,994
INVESTMENTS	15	5,459	4,931
CURRENT ASSETS			
Stocks and work in progress	16	80,499	90,425
Debtors	17	63,763	62,643
Amounts due from group companies	20	10	545
Deposits and bank balances		1,400	2,416
		<u>145,672</u>	<u>156,029</u>
CURRENT LIABILITIES			
Creditors	21	53,690	52,582
Taxation		984	2,015
Amounts due to group companies		16	3
Short term borrowing	12	16,113	27,516
Second interim ordinary dividend		2,650	2,800
		<u>73,453</u>	<u>84,916</u>
NET CURRENT ASSETS			
		<u>72,219</u>	<u>71,113</u>
		<u>131,439</u>	<u>130,038</u>

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Consolidated Source and Application of Funds

for the year ended 31st December 1981

	1981		1980	
	£000	£000	£000	£000
SOURCE OF FUNDS				
Profit after taxation attributable to Doulton & Co. Limited		7,639		10,329
Extraordinary items (1980 excludes surplus on disposal of subsidiaries)		(5,099)		(2,198)
Proceeds from sale of Australian subsidiaries		—		3,632
		<u>2,540</u>		<u>11,763</u>
 Items not involving movements of funds				
Depreciation	5,761		4,536	
Interest of minority shareholders less taxation	128		105	
Retained by associated companies	(545)	5,344	(1,134)	3,507
		<u>7,884</u>		<u>15,270</u>
TOTAL GENERATED				
APPLICATION OF FUNDS				
Dividends for the year to holding company and minority shareholders in subsidiaries	4,422		4,472	
Purchase of fixed assets less disposals	4,728		6,524	
Cost of acquisition of Fairey	—		22,020	
Investment in associated companies	4		538	
Acquisition of minority interests in existing subsidiaries	—		307	
Goodwill arising on acquisitions	(36)		1,139	
Investments	(28)		(16)	
(Decrease)/Increase in stocks and work in progress	(9,926)		7,482	
Increase in debtors	1,127		1,287	
(Increase)/Decrease in creditors including taxation	(83)		1,998	
	<u>(8,882)</u>		<u>10,767</u>	
Exchange adjustments	1,078	1,286	(443)	45,308
		<u>1,286</u>		<u>45,308</u>
 (DECREASE)/INCREASE IN FUNDS REQUIRED		<u>(6,598)</u>		<u>30,038</u>
 (UTILISED)/PROVIDED AS FOLLOWS				
Loan from holding company		—		19,000
Medium and long term borrowing		3,247		6,738
Short term borrowing (including group companies) less bank balances		(9,845)		4,300
		<u>(6,598)</u>		<u>30,038</u>

DOULTON & CO. LIMITED

Balance Sheet

31st December 1981

	Notes	1981 £000	1980 £000
CAPITAL EMPLOYED			
SHAREHOLDERS' INTEREST			
Issued share capital	9	4,509	4,509
Share premium		19,873	19,873
Reserves	10	9,077	10,926
Loan	13	17,500	17,500
		<u>50,959</u>	<u>52,808</u>
MEDIUM AND LONG TERM BORROWING	12	16,610	8,146
		<u>67,569</u>	<u>60,954</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	14	46	38
INVESTMENTS	15	31	29
SUBSIDIARY COMPANIES	18	66,717	60,496
CURRENT ASSETS			
Debtors and tax recoverable	17	3,466	2,873
Subsidiary companies' current accounts		1,892	4,799
Amounts due from group companies		9	2
Bank balances	13	13	13
		<u>5,380</u>	<u>7,687</u>
CURRENT LIABILITIES			
Creditors		772	349
Amount due to group companies		16	1
Short term borrowing	12	1,167	4,146
Second interim ordinary dividend		2,650	2,800
		<u>4,605</u>	<u>7,296</u>
NET CURRENT ASSETS		<u>775</u>	<u>391</u>
		<u>67,569</u>	<u>60,954</u>

R. H. LAMB }
T. A. WRIGHT } Directors 15th March 1982

Notes on the Accounts

1 Accounting Policies

Basis of accounting

The group prepares its annual accounts on the historical cost basis of accounting, modified to include the revaluation of certain fixed assets.

Basis of consolidation

The accounts of the subsidiaries are made up to 31st December and all are included in the consolidated accounts. Where subsidiaries have been acquired or disposed of during the year, the profit earned subsequent to acquisition or prior to disposal is included in the profit of the group.

Associated companies

Profits less losses of associated companies are included in the profit of the group to the full extent of the investing company's interest. Its share of the undistributed reserves of associated companies arising since acquisition is added to the cost of the investments therein.

Fixed assets

Fixed assets are stated at cost less government grants or at valuation. Apart from freehold land, fixed assets are depreciated over their estimated economic lives in equal annual amounts.

Goodwill

Goodwill, being the net excess of the cost of shares in subsidiaries over the value attributable to the acquiring company of their net assets at dates of acquisition and the cost of other goodwill by purchase, is deducted from reserves in the year of acquisition.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, cost including an appropriate portion of overheads. Work in progress is stated after deducting progress payments received and receivable. Unrealised profit on intra group transactions is eliminated from the values of stocks and work in progress.

Retained profits of overseas subsidiaries

No provision is made for any additional taxation, less double taxation relief, which would arise on the remittance of profits retained.

Overseas currencies

Assets, liabilities and profits of the year in overseas currencies are converted to sterling at the rates ruling at 31st December. The exchange difference arising on the annual reconversion of assets and liabilities is taken direct to reserves.

Deferred taxation

The group provides deferred taxation, at the rates current at 31st December, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes, except to the extent it is, in the opinion of the directors, reasonable to assume that the timing differences will not reverse so as to crystallise a tax liability in the foreseeable future.

2 Turnover comprises net sales outside the group

3 Trading profit is stated after charging

	1981 £000	1980 £000
Depreciation		
Auditors' remuneration	5,761	4,536
Directors' emoluments including fees £10,500 (1980—£9,202)	482	445
Compensation paid to a former director for loss of office	246	268
Ex gratia payment to a former director	11	—
Hire of plant, equipment and vehicles	3,911	10
	<u>3,911</u>	<u>3,215</u>

	1981 £000	1980 £000
4 Interest payable		
on borrowing repayable wholly or partly after five years	2,093	2,213
on borrowing repayable wholly within five years	5,395	4,831
	<u>7,488</u>	<u>7,044</u>
Less: Interest and dividends receivable		
Unlisted investments (including tax credits)	4	4
Interest	<u>388</u>	<u>315</u>
	<u>7,096</u>	<u>6,725</u>
No dividend is receivable from associated companies for 1980 and 1981.		
5 Taxation		
Based on profit of the year		
UK Corporation Tax at 52%	293	1,353
Transfer to/(from) deferred taxation account	80	(56)
	<u>373</u>	<u>1,297</u>
Less: Double taxation relief	551	806
	<u>(178)</u>	<u>491</u>
Overseas taxation	861	1,682
Taxation on share of profits of associated companies	250	216
	<u>933</u>	<u>2,389</u>
Adjustments relating to previous years	(380)	(435)
	<u>553</u>	<u>1,954</u>
Proportion attributable to minority interests	35	(106)
	<u>588</u>	<u>1,848</u>
Taxation of profit attributable to Doulton & Co. Limited		
The taxation charge has been reduced by stock relief £3,592,000 (1980—£3,727,000).		
6 Extraordinary items		
Net surplus/(deficit) less minority interests and taxation on:—		
Closure of certain tableware factories	(1,140)	(888)
Cessation or sale of certain businesses and depot closures in the Glass Group	(3,879)	(1,577)
Cessation of trade of Moon Brothers Limited	(413)	—
Sale of property	277	267
Net surplus on disposals and closure within an associated company.	56	—
Disposal of Australian subsidiaries	—	1,008
	<u>(5,099)</u>	<u>(1,190)</u>
7 Dividends		
First interim ordinary dividend paid during the year	1,750	1,650
Second interim ordinary dividend declared since the end of the year	2,650	2,800
	<u>4,400</u>	<u>4,450</u>

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Notes on the Accounts—continued

	1981	1980
8 Analysis of emoluments of UK main board directors (excluding pension scheme contributions)	£	£
The Chairman (from 28th November in 1980 (to 28th November in 1980))	1,000	84
The highest paid director (including in 1980, £38,790 as Chairman to 28th November)	—	38,790
	47,150	39,290

Other directors:—

£	to	£	Number	Number
1	to	5,000	3	3
5,001	to	10,000	1	—
10,001	to	15,000	—	2
15,001	to	20,000	—	1
20,001	to	25,000	1	1
25,001	to	30,000	2	1
30,001	to	35,000	—	1
35,001	to	40,000	1	1
40,001	to	45,000	1	—

9 Share capital of Doulton & Co. Limited Ordinary shares and stock units of 25p Stock units issued and fully paid	Authorised £4,600,000	Issued £4,508,773
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	Group £000	Doulton £000
10 Reserves		
31st December 1980	44,436	10,926
Transfer from profit and loss account		
Doulton and subsidiaries	(2,405)	
Associated companies	545	(1,849)
Deficit on reconversion of net assets in overseas currencies (including associated company's £16,000 deficit)		(294)
Goodwill and revaluation adjustments (including £22,000 in respect of associated companies)	50	
31st December 1981	42,332	9,077
The company and subsidiaries	41,680	
Associated companies	652	
	42,332	

11 Deferred Taxation

	1981		1980	
	Potential Liability £000	Provided in accounts £000	Potential Liability £000	Provided in accounts £000
Capital allowances on fixed assets	14,648	382	13,902	230
Revalued assets	2,219	—	2,248	—
Unrelieved losses	(8,409)	—	(5,928)	—
Other timing differences	(79)	38	(472)	47
	8,379	420	9,750	277

	1981		1980	
	Group £000	Doulton £000	Group £000	Doulton £000
12 Borrowing				
Debentures and loan stocks				
Secured				
7% — 8½% 1982/2001	949		778	
15% (variable) 1982/94	184		200	
7½% 1986/91	635	635	651	651
7% 1990	150		175	
8% 1990	293		251	
6½% 1984/87	1,000		1,000	
13½% 1985	135		132	
Other secured loans	123		4	
	<u>3,469</u>	<u>635</u>	<u>3,191</u>	<u>651</u>
Unsecured				
8½% 1988/93	750	750	750	750
Bank loans and overdrafts				
Overdrafts — unsecured	14,823	397	23,488	396
— secured	294	—	—	—
Loans — unsecured	18,742	9,245	22,555	7,495
	<u>33,859</u>	<u>9,642</u>	<u>46,043</u>	<u>7,891</u>
S. Pearson & Son plc interest bearing loan	6,750	6,750	3,000	3,000
Total borrowing	<u>44,828</u>	<u>17,777</u>	<u>52,984</u>	<u>12,292</u>
Borrowings are classified as follows: —				
Short term borrowing, repayable within 1 year	<u>16,113</u>	<u>1,167</u>	<u>27,516</u>	<u>4,146</u>
Medium and long term borrowing,				
repayable with 1–2 years	1,360	20	1,529	20
2–3 years	3,202	765	2,071	20
3–4 years	2,432	20	4,102	765
4–5 years	2,154	20	3,338	20
over 5 years	19,567	15,785	14,428	7,321
	<u>28,715</u>	<u>16,610</u>	<u>25,468</u>	<u>8,146</u>

While the debenture and loan stocks are repayable within the periods stated various powers also exist for the companies to purchase them in the market, or otherwise, for cancellation. Premiums will be payable in certain circumstances.

13 Interest free loan				
S. Pearson & Son plc	<u>33,500</u>	<u>17,500</u>	<u>33,500</u>	<u>17,500</u>

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Notes on the Accounts—continued

14 Fixed Assets

	Freehold Land Buildings £000 £000		Leasehold Long Short £000 £000		Plant, Equip- ment and Vehicles £000	Group Total £000	Doulton Plant, Equip- ment and Vehicles £000
Cost or valuation							
31st December 1980	4,400	29,321	5,218	858	43,016	82,813	58
Additions at cost	61	1,808	56	181	6,497	8,603	30
Exchange adjustments	137	528	—	24	244	933	—
Disposals	(12)	(765)	(1,259)	(28)	(3,217)	(5,281)	(22)
Deleted on sale of subsidiary	—	(316)	—	(290)	(1,978)	(2,584)	—
31st December 1981	4,586	30,576	4,015	745	44,562	84,484	66
Analysed as follows							
At valuation 1961	—	15	53	—	—	68	—
1971	—	48	—	—	—	48	—
1980	3,398	7,995	—	—	—	11,393	—
At cost	1,188	22,518	3,962	745	44,562	72,975	66
	4,586	30,576	4,015	745	44,562	84,484	66
Depreciation							
31st December 1980	—	4,682	559	263	23,315	28,819	20
Provided in accounts	—	914	149	78	4,620	5,761	14
Exchange adjustments	—	10	—	6	117	133	—
Disposals	—	(248)	(116)	(9)	(2,571)	(2,944)	(14)
Deleted on sale of subsidiary	—	(36)	—	(51)	(959)	(1,046)	—
31st December 1981	—	5,322	592	287	24,522	30,723	20
Net book values							
31st December 1981	4,586	25,254	3,423	458	20,040	53,761	46
31st December 1980	4,400	24,639	4,659	595	19,701	53,994	38
Rates of depreciation		2%–3%	2%	period of lease	8%–33%		

Freehold buildings include, in some cases, cost of land which is not separately identifiable. The subsidiaries had outstanding at 31st December 1981 contracts for capital expenditure amounting to £818,000 and capital expenditure authorised but not yet contracted amounting to £3,447,000.

15 Investments

	Group		Doulton	
	1981 £000	1980 £000	1981 £000	1980 £000
Unlisted associated companies				
Allia Doulton S.A.	4,594	4,281	—	—
China Millers (Holdings) Limited	427	399	22	20
Spear Insurance Company Limited	373	157	—	—
Loan to Allia Doulton S.A.	46	61	—	—
Other unlisted investments at cost	19	33	9	9
	<u>5,459</u>	<u>4,931</u>	<u>31</u>	<u>29</u>

	Principal Activities	% of capital held by Doulton or subsidiaries	Country of incorporation	Dates of Accounts used
Allia Doulton S.A. ordinary shares	Manufacture of sanitaryware products in France, Germany and United Kingdom	33%	France	31st December 1981 unaudited
China Millers (Holdings) Limited ordinary shares	Supply of raw materials to the ceramic industry	48%	Great Britain	30th June 1981 audited
Spear Insurance Company Limited (Fellow Subsidiary) ordinary shares	Insurance	40%	Bermuda	31st December 1981 audited

The directors estimate the value of other unlisted investments at 31st December 1981 at £57,000 (1980—£62,000). These investments include 14% of the issued ordinary capital of Dalehall Mills Limited which is incorporated in Great Britain.

The group's share of turnover and profits before tax of associated companies is as follows:—

Turnover		Profit before Tax	
1981	1980	1981	1980
<u>£25,514,000</u>	<u>£22,983,000</u>	<u>£738,000</u>	<u>£1,350,000</u>

16 Stocks and work in progress

	Group	
	1981 £000	1980 £000
Raw materials and bought in components	18,207	21,647
Work in progress	30,648	31,044
Finished goods	31,644	37,734
	<u>80,499</u>	<u>90,425</u>

Work in progress is stated after deducting progress payments of £10,371,000 (1980—£8,621,000).

17 Debtors include £9,084 (1980—£9,084) loan to an officer of the company.

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Notes on the Accounts—continued

	1981 £000	1980 £000
18 Subsidiary companies		
Shares at cost less amounts written off	35,350	35,350
Long term loans to subsidiaries	34,174	27,953
	<u>69,524</u>	<u>63,303</u>
Less: Long term loans from subsidiaries	2,807	2,807
	<u>66,717</u>	<u>60,496</u>

The following is a list of the principal subsidiaries of the group during 1981. All classes of shares in these companies were 100% owned and all companies were incorporated in Great Britain unless otherwise stated. The principal country in which each subsidiary operated is Great Britain unless otherwise shown.

Royal Doulton Tableware (Holdings) Limited owning:—

Royal Doulton Tableware Limited
Doulton Fine China Limited
Dunn, Bennett & Company Limited
John Beswick Limited
Minton Limited
Paragon China Limited
Royal Albert Limited
The Royal Crown Derby Porcelain Company Limited
Webb Corbett Limited
Doulton Hotel Supplies Limited
Doulton Rooms Limited
Lawley's Limited
The British American Glass Company Limited (Registered in Scotland)
Doulton and Co. Inc. (Incorporated and operates in the U.S.A.)
Doulton Canada Inc. (Incorporated and operates in Canada)
Doulton & Co. (S.A.) (Pty.) Limited (Incorporated and operates in South Africa)
Doulton Tableware Pty. Limited (Incorporated and operates in Australia)
N.V. Royal Doulton (Belgium) S.A. (Incorporated and operates in Belgium)

Doulton Glass Industries (Holdings) Limited owning:—

Doulton Glass Industries Limited
Doulton Glass Insulation Limited
Doulton Tempered Glass Limited
Doulton Wall Guard Limited
Bradford Glass Company Limited
Doulton Glass Industries (N.I.) Limited (Registered in Northern Ireland)
Cold Shield Windows Limited
Compton Glass Limited
Crestoll Limited—51% of ordinary shares held
Autoglass Limited
Doulton Laminated Glass Limited
Tudor Safety Glass Company Limited
Cunningham Dickson & Walker Limited (Registered in Scotland)
Glass (Coventry) Limited
Mulberry Glass Group Limited
Mulberry Home Extensions Limited
Simon Kalson Limited

Doulton Engineering Group Limited owning:—

Doulton Industrial Products Limited
Doulton Aerospace Inc. (Incorporated and operates in the U.S.A.)
Doulton Insulators Limited
Elequip Limited
Hopyard Foundries Limited
John Davis & Son (Derby) Limited
Matthews & Yates Limited (Preference shares held by minority shareholders)
Price and Edwards (Engineering) Limited

Doulton & Co. U.K. Holdings Limited owning: —

- Fairey Holdings Limited
- Fairey Allday Marine Limited
- Fairey Arlon Limited
- Fairey Arlon B.V. (Incorporated and operates in The Netherlands)
- Fairey Arlon Inc. (Incorporated and operates in the U.S.A.)
- Fairey Automation Limited
- Fairey Engineering Limited
- Fairey Hydraulics Limited
- Fairey Inc. (Incorporated and operates in the U.S.A.)
- Fairey Nuclear Limited
- Fairey Winches Limited

Doulton & Co. Overseas Holdings Limited owning: —

- Doulton Investments (Jersey) Limited (Incorporated and operates in Jersey)

19 Contingent Liabilities

Doulton & Co. Limited has guaranteed unsecured bank loans of subsidiaries, £3,200,000 (1980—£2,837,000), and has also guaranteed contracts entered into by subsidiaries, £27,600,000 (1980—nil).

20 Amounts due from group companies include a short term loan to a fellow subsidiary nil (1980—£542,000).

21 Creditors in subsidiaries include hire purchase loans, £1,016,000 (1980—£441,000).

22 The ultimate holding company is S. Pearson & Son plc which is incorporated in Great Britain.

23 The company is not yet required to comply with the accounting and disclosure requirements contained in Part I of the Companies Act 1981.

**DOULTON & CO. LIMITED
AND SUBSIDIARY COMPANIES**

Report of the Auditors

TO THE MEMBERS OF DOULTON & CO. LIMITED

We have audited the accounts on pages 5 to 16 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st December 1981 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

Deloitte Haskins & Sells

LONDON
15th March 1982

DELOITTE HASKINS & SELLS
Chartered Accountants