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224

ASH & LACY

1984



Report and Accounts

Contents

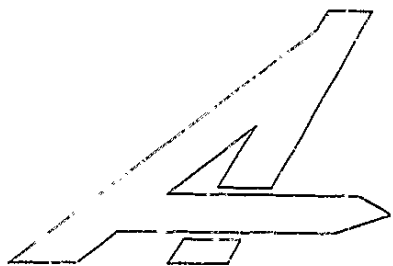
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Financial Calendar

Annual general meeting	17th May 1985
Final dividend for 1984	Payable on 31st May 1985 to members on the register at the close of business on 3rd May 1985
Interim report for 1985	October 1985
Interim dividend for 1985	Payable in November 1985
Financial year-end for 1985	27th December 1985
Preliminary announcement for 1985	April 1986
Report and accounts for 1985	April 1986



The objectives of our company



SYMBOL OF COMMITMENT TO SUCCESS

“The prime objective of our company is to earn the maximum possible profits.

High profits help to achieve:

- ★ Maximum job security for our employees.**
- ★ Pride and satisfaction in our work and in our company.**
- ★ Better opportunities for promotion at all levels.**
- ★ Increasing dividends for our shareholders.**
- ★ Money for reinvestment.**
- ★ The confidence of our suppliers and financial backers.**
- ★ Customer satisfaction and loyalty.**

We seek to achieve all these desirable objectives by making the best use of all our resources and by securing the total commitment of each employee to the success of his or her company or unit.”

Fane Vernon
Chairman

Directors and officers

Directors

*John Fane Vernon
(Chairman)

David Sword Litler Fletcher, RD,
BSc(Eng), CEng, MIMechE
(Managing)

*John Jeremy McKinnell Potter, BA, FCA

Henry Victor Scaldwell, FCMA

*John Horton Vernon, MA

*Non-executive director

Secretary

John Walter Lunt
Alma Street, Smethwick, Warley,
West Midlands, B66 2RP

Group Accountant

David Thomas Dee, FCA, ACMA

Auditors

Thornton Baker

Registrars

Price Waterhouse
Livery House, 169 Edmund Street,
Birmingham, B3 2JB

Solicitors

Shakespeare & Vernon

Bankers

Lloyds Bank Plc

Stockbrokers

Phillips & Drew, London
Albert E Sharp & Co, Birmingham

Notice of meeting

NOTICE IS HEREBY GIVEN that the ninetieth annual general meeting of the members will be held at the Birmingham Chamber of Industry and Commerce, 75 Harborne Road, Birmingham B15 3BH, on Friday, 17th May 1985 at 12.00 noon for the following purposes:

- 1 To receive the report of the directors and statement of accounts for the year 1984 (52 weeks ended 28th December 1984).
- 2 To declare a final dividend.
- 3 To re-elect Mr J H Vernon a director.
- 4 To re-appoint Thornton Baker as auditors pursuant to section 14 of the Companies Act 1976.
- 5 To authorise the directors to fix the remuneration of the auditors.
- 6 As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

THAT:

- (A) For the purposes of section 14 of the Companies Act 1980 ("the Act") the directors be and they are hereby generally and unconditionally authorised to allot relevant securities up to a maximum aggregate nominal amount of £236,741.25 to such persons at such times and on such terms as they think proper during the period expiring at the end of five years from the date of the passing of this resolution and accordingly that the general authority in accordance with the said section 14 given to the directors by special resolution passed on 17th May 1984 be and is hereby superseded.
- (B) The directors be and are hereby empowered to allot pursuant to section 18 of the Act and to the said new authority during the period to the annual general meeting next following the date of the passing of this resolution equity securities for cash as if section 17(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (a) allotments of equity securities for cash in connection with an offer of such securities by way of rights to all the shareholders in accordance with section 17(1) of the Act but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body or any stock exchange in any territory;
 - (b) allotments of equity securities for cash (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £66,250.
- (C) For the purpose of this resolution:
 - (a) the said authority and the said power shall allow and enable the company to give effect to offers or agreements made before the expiry of such authority or such power which would or might require relevant securities or (as the case may be) equity securities to be allotted after such expiry; and
 - (b) words and expressions defined in or for the purposes of part II of the Act (as modified by the Companies Act 1981) shall bear the same meaning herein.

Any member of the company entitled to attend and vote may appoint one or more proxies to attend and on a poll vote instead of him, for which purpose a form of proxy is enclosed. The form of proxy must, in order to be effective, be received at the registered office of the company not less than 48 hours before the time fixed for the meeting. A proxy need not be a member.

Warrants in respect of the final dividend will be posted on 31st May 1985 to members registered on 3rd May 1985.

Copies of the directors' contracts of service are available for inspection during normal business hours at the registered office from 19th April 1985 until 17th May 1985 and at the Birmingham Chamber of Industry and Commerce, 75 Harborne Road, Birmingham B15 3DH from 11.45a.m. until the conclusion of the annual general meeting.

By order of the board,

J W LUNT,
Secretary.

Alma Street,
Smethwick,
Warley,
West Midlands, B66 2RP
Reg. No. 47169 England
19th April 1985

Report of the directors

The directors present their report and statement of accounts for 1984

Trading results

The group profit for the year before taxation amounted to £2.872 million (1983 £3.412 million) which after taxation amounted to £1.380 million (1983 £2.353 million) applied as follows:

	1984 £000	1983 £000
Interim dividend 1984 of 8.0p per share (1983 — 8.0p)	336	335
Final dividend 1984 of 12.0p per share (1983 — 12.0p)	505	503
Profit retained	539	1,515
	<u>1,380</u>	<u>2,353</u>

Dividends

The directors recommend a final dividend of 12.0p per share payable on 31st May 1985 which, with the interim dividend of 8.0p per share paid on 9th November 1984, makes a total distribution for the year of 20.0p per share.

Principal activities

Manufacturers of perforated metal and expanded metal, steel cladding sheets and tanks; galvanizers; stockholders and processors of stainless steel and non-ferrous sheet and plate.

Review of activities

A review of activities is set out in the chairman's statement on page 8.

Acquisition

On 27th January 1984, one of the group's subsidiaries acquired the galvanizing trade and certain assets from Painter Brothers Ltd., a wholly owned subsidiary of Balfour Beatty Ltd., a BICC plc company.

On the same date Ash & Lacy plc sold 25% of its interest in the subsidiary to Balfour Beatty Ltd.

The subsidiary is trading as Western Galvanizers Ltd.

Current cost accounts

The concept is presently under review and in the circumstances the board have decided not to produce current cost accounts.

Share capital

During the year 1,728 fully paid ordinary shares were issued under the Ash & Lacy Save As You Earn Share Option Scheme for a consideration of £2,877.

On 15th October 1984, 10,000 fully paid shares were issued pursuant to the Ash & Lacy Executive Share Incentive Scheme for a consideration of £18,300.

At the annual general meeting in 1984 shareholders authorised the directors, pursuant to the Companies Act 1980, (a) to allot all the unissued share capital (after deducting shares reserved for the Save As You Earn Share Option Scheme), such authority to last for five years from the date of the meeting, and (b) to issue shares for cash otherwise than pro rata to the existing shareholders in the limited circumstances referred to below, this authority to last until the date of the 1985 annual general meeting.

The directors consider it desirable to roll forward authority (a) for five years from the date of the 1985 annual general meeting and to renew authority (b) for one year from that date. A special resolution (number 6 in the notice of meeting) will therefore be proposed at the annual general meeting to authorise the directors (a) for a period of five years to allot unissued share capital up to a nominal amount of £236,741.25 (being the present unissued share capital after deduction of the shares reserved for the Save As You Earn Share Option Scheme) and (b) for a period of one year to issue equity securities for cash otherwise than pro rata to existing shareholders, firstly in the case of a rights issue, to allow the sale of fractions, and dealing with overseas shareholders' allocations where foreign legal regulations or other factors make this necessary and, secondly, in circumstances other than a rights issue, up to a maximum nominal amount of £66,250 being 5% of the present authorised ordinary share capital.

Extraordinary General Meeting

Separate notice will be given of an extraordinary general meeting to be held immediately following the close of the annual general meeting, at which shareholders will be asked to approve the introduction of a new executive share option scheme and a new savings-related share option scheme for the benefit of the group's employees.

Fixed assets

The investment in properties and plant during the year amounted to £1,889,000.

Directors

The directors in office during and at the end of the financial year together with their interests and those of their families (as defined in the Companies Act 1967) in the shares of the company are set out below.

1 Fully paid ordinary shares of 25p each

	28th December 1984		30th December 1983	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
J F Vernon	82,597	—	82,597	—
D S L Fletcher	27,041	—	12,041	—
J J McK Potter	100	400	100	400
H V Scaldwell	6,036	—	6,036	—
J H Vernon	500	—	500	—

2 Ordinary shares of 25p each allotted pursuant to the Ash & Lacy Executive Share Incentive Scheme.

	28th December 1984		30th December 1983	
	Fully paid	1p per share paid	Fully paid	1p per share paid
D S L Fletcher	—	—	5,000	10,000

On 15th October 1984, Mr D S L Fletcher exercised his option to acquire 10,000 ordinary shares of 25p each, 1p per share paid, pursuant to the Ash & Lacy Executive Share Incentive Scheme, and 5,000 fully paid shares of 25p each.

At 28th December 1984, Mr D S L Fletcher had an option under the Ash & Lacy Save As You Earn Share Option Scheme to purchase 251 ordinary shares of 25p each at a subscription price of 477p.

No changes in the directors' interests have occurred between 29th December 1984 and 22nd March 1985.

The director retiring by rotation is Mr J H Vernon who, being eligible, offers himself for re-election. Mr J H Vernon does not have a service contract.

During the year none of the directors had an interest in any contract in relation to the group's activities.

Substantial shareholdings

In accordance with section 63 of the Companies Act 1981 notice has been received that the following had an interest in 5% or more of the company's fully paid issued share capital which has full voting rights.

	22nd March 1985
Britannic Assurance Public Limited Company	10.91%
Imperial Group Pension Trust Limited and another	7.29%
The Sea Insurance Company Limited	6.89%
Wesleyan & General Assurance Society	6.89%
Prudential Assurance Company Limited	5.31%

Charitable and political donations

During the year the group donated £2,446 to charity and contributed £3,000 to the Conservative Party.

Employee involvement

We believe in promoting the full involvement and understanding of all our employees in the success of the business. This is a fundamental part of achieving "pride and satisfaction in our work and in our company" which is one of the stated objectives of our company shown on page 2.

The Ash & Lacy group is decentralised. This means that each company in the group is given as much freedom as possible to respond to trading conditions in the market in which it operates and to generate profits. Decentralisation also means that employees can closely identify with their own company's contribution to group profits.

Companies in the Ash & Lacy group vary in size and organisation and their arrangements for involving employees vary accordingly. For example, companies which

employ a small number of people have largely informal arrangements whereas those with more employees tend to back up informal arrangements with briefing sessions or meetings. Additionally all companies in the group operate bonus schemes which are related to the performance of the company and which are aimed at increasing employee awareness of performance and, at the same time, creating a greater sense of involvement.

Copies of the annual report and accounts and the interim report are sent to all employees at their homes.

Sixty of our employees are shareholders and a further fifty six employees are among the participants in the Ash & Lacy Save As You Earn Share Option Scheme which was approved by the shareholders in 1978. We consider that we are leaders in the field of involving our employees with our shareholders.

Employment of disabled persons

It is the policy of the company that candidates for positions are selected and appointed on the basis of their suitability for the job concerned. Applications from suitable disabled persons receive the same consideration as applications from anyone else. This policy also applies to promotions.

It is also the policy of the company that disabled employees are fully included in any training programme so that their prospects may be enhanced. Furthermore every effort is made to continue the employment of those who have the misfortune to become disabled and, where necessary, retraining is arranged.

The above policy applied throughout 1984 and is still in force.

Close companies

The provisions of the Income and Corporation Taxes Act 1970 relating to close companies do not apply to the company.

Capital gains tax

For capital gains tax purposes the adjusted base price of the company's ordinary shares of 25p each at 6th April 1965 is between 46.67p (shareholders taking up full rights) and 41.67p (shareholders not taking up any rights).

Auditors

Thornton Baker have indicated their willingness to continue in office and a resolution for their re-appointment under section 14 of the Companies Act 1976 will be proposed at the annual general meeting.

By order of the board,
J W LUNT, Secretary.
4th April 1985

Statement by the chairman

Results for 1984

Profits before taxation were £2.872 million compared with £3.412 million in the previous year, a reduction of £540,000. Whilst this reduction in profits is disappointing it is largely as a result of the initial operating losses of our two new ventures—Western Galvanizers, Hereford (£142,000), and our new Flospan product (£250,000).

As I explained in my interim report, the business we took over in January 1984 at Western Galvanizers was already committed to low priced contracts which had been taken on at uneconomic prices by the previous management. It will take a few more months before these loss-making contracts are completed and before the measures we have taken to improve the efficiency of the plant will begin to show their effect. The launch and start-up of our new Flospan frameless building, which we are marketing for home and export, has also been costly. The order position is now improving however and we are hoping to achieve a break-even position by the end of 1985.

Dividends

Your directors are pleased to recommend a final dividend of 12 pence per share, making a total for the year of 20 pence per share which is the same as last year.

Trading Members of the Group

Ash & Lacy Steel Products

Ash & Lacy Steel Products performed slightly better than last year. Its new profile roofing system, Dekex, has made an encouraging start. Whilst Floclad continues to be a very successful product, it cannot be expected to maintain the peak performance it achieved in 1982. This company realised some time ago that it should not be too dependent on any single product and has taken steps to remedy this by introducing the Dekex product, other new profiles and the Flospan frameless building referred to above.

Joseph Ash & Son

All the operations of Joseph Ash have improved upon last year's performance with the exception of galvanizing at Birmingham where, in the previous year, it enjoyed the benefit of an exceptionally large and profitable export contract. New equipment is being installed in Birmingham which will enable this company to galvanize structural sections up to 50 feet long as a single dip, and even longer by double dipping. Special mention must be made of the Tanks Division which almost doubled its profits. Our new London Galvanizers' operations went, as expected, from loss in 1983 to profit in 1984. Despite this the overall profit of Joseph Ash was somewhat reduced from its 1983 peak due to increasing competition.

Ash & Lacy Perforators

Ash & Lacy Perforators benefitted from continuous heavy investment in new plant and machinery and again increased its profits. It is continuing to increase its market share.

W. & S. Allely

This company again improved its trading performance although its profit contribution to the group was not quite as high as in 1983 when the company enjoyed a substantial windfall stock profit. Its operations at Smethwick, Rochdale and Rochester all contributed to its success.

Investment

We have continued our policy of making substantial investment in new plant and modern buildings and in 1984 we spent £1.9 million. This means that over a three-year period we have invested £7.7 million; depreciation increased from £1.2 million in 1983 to £1.5 million in 1984.

Personnel

1984 was a difficult year and I would like to thank everyone who works for Ash & Lacy for their good response to the various demands which were made on them.

Your directors are recommending for your approval a new savings-related share option scheme which, if approved, will enable all full-time employees of the group who have completed two years' service to increase their interest in the prosperity of the group on favourable terms.

Your directors are also recommending a new executive share option scheme for certain directors of the company and its principal subsidiaries.

4th April 1985

Fane Vernon
Chairman

Accounting policies

The following are the main accounting policies of the group, which are consistent with those applied last year.

(a) Historical cost convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain freehold properties.

(b) Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries, all of which are made up to 28th December 1984. The results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal respectively.

(c) Turnover

The turnover figure is the total amount receivable (excluding VAT) by the group in the ordinary course of business for goods supplied as a principal and for services provided excluding transactions between group members of £380,000 (1983 £374,000).

(d) Stock and work in progress

The valuation is at cost or net realisable value whichever is lower. Cost is represented by cost of materials and direct labour together with overheads related to production, or selling price less an estimated margin. Net realisable value is the actual or estimated selling price less all further costs to complete and less selling and distribution expenses.

(e) Depreciation

Depreciation is calculated to write down the cost or valuation of fixed assets by equal annual instalments over their estimated lives.

The periods generally applicable are:

Freehold buildings	20 to 50 years
Plant, machinery and equipment	4 to 7 years
Motor vehicles	3 years

Freehold land is not depreciated.

(f) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts. Provision is made for deferred taxation, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Transfers to and from deferred taxation are calculated taking account of the current and future rates of corporation tax, adjusting for any changes in rates as compared with the preceding period.

(g) Investment properties

Investment properties are stated at open market value.

(h) Pensions

The group operates pension schemes for the benefit of its employees. The funds of the schemes are administered by trustees, are separate from the group, and independent actuaries complete valuations every 3 years. In accordance with their recommendations contributions may be adjusted so as to secure the benefits set out in the rules and the augmentation of current pensions from time to time. The cost of these is charged against profits when the contributions are made. When the contributions are not sufficient the capital cost of such augmentation is charged against the profits of the group for the year in which the increases are granted.

(i) Goodwill

Goodwill arising on acquisition is written off to reserves in the year of acquisition.

Asda Stores plc and its subsidiaries

**Group profit
and loss account
for the 52 weeks ended
28th December 1984**

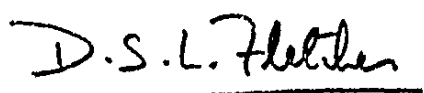
	Notes	1984 £000	1983 £000
Turnover	1	32,614	27,554
Cost of sales		25,017	20,189
Gross profit		7,597	7,365
Distribution costs		2,511	2,084
Administrative expenses		2,377	2,154
Operating profit	1 & 2	2,709	3,127
Other income less interest payable	3	163	285
Profit on ordinary activities before taxation		2,872	3,412
Tax on profit on ordinary activities	5	1,492	1,059
Profit on ordinary activities after taxation for the financial year		1,380	2,353
Dividends	6	841	838
Retained profit transferred to reserves	18	539	1,515
Earnings per share	7	32.9p	56.3p

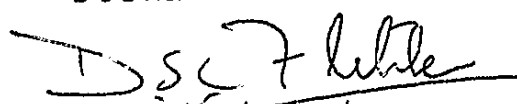
As at 31st March and 1st September

Group balance sheet
at 28th December 1984

	Notes	£000	1984 £000	£000	1983 £000
Fixed assets					
Tangible assets:	9				
Investment property			366		366
Freehold properties			5,293		5,309
Plant, machinery and equipment			3,813		2,976
Motor vehicles			447		559
Assets in course of construction and payments on account			242		595
			<u>10,161</u>		<u>9,805</u>
Investments	10		—		79
			<u>10,161</u>		<u>9,884</u>
Current assets					
Stocks	11	6,399		5,668	
Debtors	12	7,547		6,732	
Short term government securities		—		750	
Short term deposits		1,203		102	
Bank balance		—		30	
		<u>15,149</u>		<u>13,282</u>	
Creditors—amounts falling due within one year	13	<u>6,359</u>		<u>5,516</u>	
Net current assets			<u>8,790</u>		<u>7,766</u>
Total assets less current liabilities			<u>18,951</u>		<u>17,650</u>
Creditors—amounts falling due after more than one year	14	<u>1,503</u>		<u>987</u>	
Provisions for liabilities and charges					
Deferred taxation	16	<u>866</u>		<u>540</u>	
			<u>2,369</u>		<u>1,527</u>
			<u>16,582</u>		<u>16,123</u>
Capital and reserves					
Called up share capital	17		1,052		1,049
Share premium account	18		715		697
Revaluation reserve	18		926		936
Other non-distributable reserves	18		152		152
Profit and loss account	18		13,737		13,289
			<u>16,582</u>		<u>16,123</u>


J F Vernon Director


D S L Fletcher Director

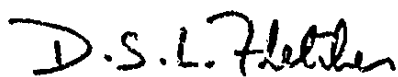

Approved by the board
4th April 1985

Balance sheet
at 28th December 1984

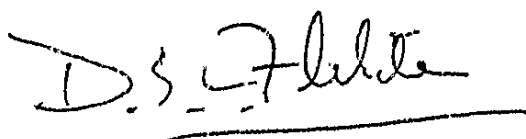
	Notes	£000	1984 £000	1983 £000
Fixed assets				
Tangible assets:	9			
Investment property			366	366
Freehold properties			5,293	5,309
Plant, machinery and equipment			2,236	1,735
Motor vehicles			220	217
Assets in course of construction and payments on account			175	595
			<u>8,290</u>	<u>8,222</u>
Investments	10		1,358	796
			<u>9,648</u>	<u>9,018</u>
Current assets				
Stocks	11	2,897		2,806
Debtors	12	3,254		3,298
Short term government securities		—		750
Short term deposits		1,201		101
Bank balance		—		405
			<u>7,352</u>	<u>7,360</u>
Creditors—amounts falling due within one year	13	3,957		4,047
			<u>3,395</u>	<u>3,313</u>
Net current assets				
			<u>13,043</u>	<u>12,331</u>
Total assets less current liabilities				
Creditors—amounts falling due after more than one year	14	753		736
Provisions for liabilities and charges				
Deferred taxation	16	382		199
			<u>1,135</u>	<u>935</u>
			<u>11,908</u>	<u>11,396</u>
Capital and reserves				
Called up share capital	17		1,052	1,049
Share premium account	18		715	697
Revaluation reserve	18		797	807
Other non-distributable reserves	18		3	3
Profit and loss account	18		9,341	8,840
			<u>11,908</u>	<u>11,396</u>



J F Vernon Director



D S L Fletcher Director



Approved by the board
4th April 1985

**Source and
application
of funds**
for the 52 weeks ended
28th December 1984

	£000	1984 £000	£000	1983 £000
Source of funds				
Profit on ordinary activities before taxation		2,872		3,412
Depreciation		1,459		1,156
Total generated from operations		4,331		4,568
Funds from other sources				
Disposals of tangible fixed assets		74		138
Shares issued (note 17)		21		24
Loan stock issued by subsidiary		275		—
Disposal of listed fixed asset investments		79		—
		4,780		4,730
Application of funds				
Dividends paid	839		752	
Tax paid	1,024		631	
Purchase of tangible fixed assets	1,889		2,832	
Repayment of loan capital	100		100	
Acquisition of goodwill	101		—	
		3,953		4,315
Net increase in working capital detailed below		827		415
Increases/(decreases) in working capital				
Stocks		731		1,159
Debtors		815		721
Creditors—amounts falling due within one year		(1,006)		270
		540		2,150
Movement in net borrowings and liquid funds:				
Increase/(decrease) in short term deposits (after adjusting for bank borrowings)	1,037		(802)	
(Disposal) of short term government securities	(750)		(933)	
		287		(1,735)
		827		415

Notes on the accounts

1 Turnover and contribution to group operating profit

	1984		1983	
	Turnover	Operating Profit	Turnover	Operating Profit
	£000	£000	£000	£000
Manufacturing	26,936	2,232	22,749	2,572
Distributing	5,678	477	4,805	555
	<u>32,614</u>	<u>2,709</u>	<u>27,554</u>	<u>3,127</u>

2 Operating profit

	1984	1983
	£000	£000
Operating profit is stated after charging:		
Depreciation	1,459	1,156
Plant leasing and hire	81	35
Auditors' remuneration	38	37

3 Other income less interest payable

	1984	1983
	£000	£000
Income receivable from listed investments	111	206
Interest receivable	25	70
Rent receivable	126	111
	<u>262</u>	<u>387</u>
Less Interest payable		
Bank loan and overdrafts repayable within five years		
—by instalments	26	38
—otherwise than by instalments	46	37
Debenture stock repayable after five years	27	27
	<u>99</u>	<u>102</u>
	<u>163</u>	<u>285</u>

4 Directors and employees

	1984	1983
	£000	£000
Employee costs during the year:		
Wages and salaries	5,733	4,846
Social security costs	599	515
Pension costs	101	99
	<u>6,433</u>	<u>5,460</u>

The average number of employees of the group during the year was 726 (1983: 674). Employee costs include remuneration and pension contributions in respect of directors as follows:

	1984	1983
	£	£
Fees	24,324	22,113
Remuneration	96,131	85,008
	<u>120,455</u>	<u>107,121</u>

The directors' emoluments excluding pension contributions were:

The chairman	12,360	11,236
The highest paid director	47,627	42,353

The emoluments of other directors were in the following ranges

	No.	No.
Nil to £5,000	—	2
£5,001 to £10,000	2	—
£35,001 to £40,000	1	1

5 Tax on profit on ordinary activities	1984 £000	1983 £000
The taxation charge based on profit for the year is made up as follows:		
United Kingdom corporation tax at 46.25% (1983: 50.5%)	1,134	691
Deferred taxation	368	388
	<u>1,502</u>	<u>1079</u>
Adjustments for previous year	(10)	(20)
	<u>1,492</u>	<u>1,059</u>
The taxation charge for the year has been reduced by:		
	1984 £000	1983 £000
Accelerated capital allowances and other timing differences	—	580
Stock relief	67	104
	<u>67</u>	<u>684</u>
6 Dividends	1984 £000	1983 £000
Interim 1984 paid 9th November 1984 8.0p per share (1983 —8.0p)	336	335
Proposed final 1984 —12.0p per share (1983 —12.0p)	505	503
	<u>841</u>	<u>838</u>

7 Earnings per share

The calculation of earnings per share is based on earnings of £1,380,000 (1983: £2,353,000) and on 4,194,376 fully paid ordinary shares being the weighted average of the fully paid ordinary shares ranking for dividend in issue during the year (1983: 4,177,476).

The dilution effect of the Save As You Earn Share Option Scheme is not material.

8 Profit for the year

As provided by section 149(5) of the Companies Act 1948 only the group profit and loss account is published herein.

The group profit for the year includes £1,332,000 (1983: £1,605,000) which is dealt with in the accounts of the parent company.

9 Tangible fixed assets

	Investment property £000	Freehold properties £000	Plant, machinery and equipment £000	Motor vehicles £000	Assets in course of construction and payments on account £000
Group					
Cost or valuation					
At 30th December 1983	366	5,632	6,240	1,324	595
Additions	—	151	1,248	248	242
Disposals	—	(60)	(88)	(164)	—
Reclassifications	—	—	595	—	(595)
At 28th December 1984	<u>366</u>	<u>5,723</u>	<u>7,995</u>	<u>1,408</u>	<u>242</u>
Depreciation					
At 30th December 1983	—	323	3,264	765	—
Provided in the year	—	109	1,006	344	—
Disposals	—	(2)	(88)	(148)	—
At 28th December 1984	<u>—</u>	<u>430</u>	<u>4,182</u>	<u>961</u>	<u>—</u>
Net book amount:					
At 28th December 1984	366	5,293	3,813	447	242
At 30th December 1983	<u>366</u>	<u>5,309</u>	<u>2,976</u>	<u>559</u>	<u>595</u>

9 Tangible fixed assets continued

	Investment property	Freehold properties	Plant, machinery and equipment	Motor vehicles	Assets in course of construction and payments on account
	£000	£000	£000	£000	£000
Cost or valuation at 28th December 1984 is represented by:					
Valuation in 1978	—	2,051	—	—	—
Valuation in 1984	366	—	—	—	—
Cost	—	3,672	7,995	1,408	242
	<u>366</u>	<u>5,723</u>	<u>7,995</u>	<u>1,408</u>	<u>242</u>

The gross amount of land and buildings on which depreciation is being provided is £4,615,000 (1983 £4,324,000).

Company

Cost or valuation					
At 30th December 1983	366	5,632	3,789	462	595
Additions	—	151	405	136	175
Disposals	—	(60)	(35)	(96)	—
Intra-group transfers	—	—	—	(10)	—
Reclassifications	—	—	595	—	(595)
At 28th December 1984	<u>366</u>	<u>5,723</u>	<u>4,754</u>	<u>492</u>	<u>175</u>
Depreciation					
At 30th December 1983	—	323	2,054	245	—
Provided in the year	—	109	499	125	—
Disposals	—	(2)	(35)	(91)	—
Intra-group transfers	—	—	—	(7)	—
At 28th December 1984	<u>—</u>	<u>430</u>	<u>2,518</u>	<u>272</u>	<u>—</u>
Net book amount:					
At 28th December 1984	366	5,293	2,236	220	175
At 30th December 1983	<u>366</u>	<u>5,309</u>	<u>1,735</u>	<u>217</u>	<u>595</u>
Cost or valuation at 28th December 1984 is represented by:					
Valuation in 1978	—	2,051	—	—	—
Valuation in 1984	366	—	—	—	—
Cost	—	3,672	4,754	492	175
	<u>366</u>	<u>5,723</u>	<u>4,754</u>	<u>492</u>	<u>175</u>

The gross amount of land and buildings on which depreciation is being provided is £4,615,000 (1983: £4,324,000).

Group and Company

If the investment property and freehold properties had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Group		Company	
	Investment property	Freehold properties	Investment property	Freehold properties
	£000	£000	£000	£000
Cost	366	5,415	366	5,415
Accumulated depreciation	—	366	—	366
Net book amount				
At 28th December 1984	<u>366</u>	<u>5,049</u>	<u>366</u>	<u>5,049</u>
Net book amount				
At 30th December 1983	<u>366</u>	<u>4,879</u>	<u>366</u>	<u>4,879</u>

The freehold investment property is stated at the directors' estimate of its open market value at 28th December 1984.

10 Fixed asset investments	Group		Company	
	1984 £000	1983 £000	1984 £000	1983 £000
Shares in subsidiaries at cost, less amounts written off	—	—	1,479	1,479
Advances to subsidiaries	—	—	1,544	1,211
Loan stock in subsidiary	—	—	825	—
	—	—	3,848	2,690
Advances from subsidiaries	—	—	2,490	1,973
	—	—	1,358	717
Listed investments at cost	—	79	—	79
	—	79	1,358	796

11 Stocks	Group		Company	
	1984 £000	1983 £000	1984 £000	1983 £000
Raw material and merchandise	5,282	4,648	1,954	1,987
Work in progress	105	126	53	61
Finished goods	1,012	894	890	758
	6,399	5,668	2,897	2,806
Current replacement cost exceeded the historical cost of stocks by	52	14	13	—

12 Debtors	Group		Company	
	1984 £000	1983 £000	1984 £000	1983 £000
Amounts falling due within one year:				
Trade debtors	7,242	6,358	3,048	3,070
Amounts due from group companies	—	—	4	—
Other debtors	28	39	5	37
Prepayments and accrued income	277	335	197	191
	7,547	6,732	3,254	3,298

13 Creditors —amounts falling due within one year	Group		Company	
	1984 £000	1983 £000	1984 £000	1983 £000
Bank loan	100	100	100	100
Bank overdrafts	34	—	901	—
Trade creditors	3,350	2,501	1,420	1,338
Bills of exchange payable	114	138	—	—
Amounts due to group companies	—	—	15	422
Taxation	645	844	153	844
Social security and other taxes	903	787	479	351
Other creditors	311	180	34	128
Accruals and deferred income	397	463	350	361
Proposed final dividend	505	503	505	503
	6,359	5,516	3,957	4,047

There is an arrangement with the company's bankers whereby bank balances and overdrafts of the company and certain subsidiaries are offset.

14 Creditors—amounts falling due after more than one year	Group		Company	
	1984 £000	1983 £000	1984 £000	1983 £000
Loan stock	275	—	—	—
8% Debenture stock 1987/92	334	334	334	334
Bank loan	100	200	100	200
	<u>709</u>	<u>534</u>	<u>434</u>	<u>534</u>
Corporation tax payable in July 1986	794	453	319	202
	<u>1,503</u>	<u>987</u>	<u>753</u>	<u>736</u>
The loan stock, debenture stock and bank loan are repayable as follows:				
Repayable between 1—2 years	100	100	100	100
Repayable between 2—5 years	15	107	15	107
Repayable after 5 years	594	327	319	327
	<u>709</u>	<u>534</u>	<u>434</u>	<u>534</u>

The loan stock is the minority shareholders' proportion of loans to a subsidiary under financial arrangements made jointly with the group. This loan stock is unsecured with no fixed repayment date and bears interest at 1% over the relevant base lending rate.

The 8% debenture stock 1987/92 is secured by a floating charge on the assets of the company and certain subsidiaries. The company is required to establish a non-cumulative sinking fund of £7,500 per annum commencing in the year to 30th June 1973 to be applied annually in the redemption of stock at par but the company may satisfy this obligation in whole or in part by surrendering not later than 15th June in each year stock purchased by it at any time previously.

Sufficient stock has been purchased and surrendered to meet this requirement up to 15th June 1987.

The outstanding unsecured bank loan bears interest at 1½% over the relevant base lending rate.

15 Group borrowings

	1984			1983		
	Unsecured £000	Secured £000	Total £000	Unsecured £000	Secured £000	Total £000
Amounts falling due within one year:						
Bank loan	100	—	100	100	—	100
Bank overdrafts	34	—	34	—	—	—
Amounts falling due after more than one year:						
Loan stock	275	—	275	—	—	—
8% Debenture stock 1987/92	—	334	334	—	334	334
Bank loan	100	—	100	200	—	200
Total group borrowings	<u>509</u>	<u>334</u>	<u>843</u>	<u>300</u>	<u>334</u>	<u>634</u>

16 Deferred taxation

	Group		Company	
	1984	1983	1984	1983
	£000	£000	£000	£000
Accelerated capital allowances	1,213	836	673	484
Other timing differences	(131)	(85)	(75)	(74)
	<u>1,082</u>	<u>751</u>	<u>598</u>	<u>410</u>
Less: future recovery of advance corporation tax	216	211	216	211
	<u>866</u>	<u>540</u>	<u>382</u>	<u>199</u>

The total potential amount of deferred taxation is as follows:

	Group		Company	
	1984	1983	1984	1983
	£000	£000	£000	£000
Accelerated capital allowances	2,370	2,957	1,744	2,276
Other timing differences	(57)	—	29	50
Capital gains	448	441	448	441
	<u>2,761</u>	<u>3,398</u>	<u>2,221</u>	<u>2,767</u>
Less: Future recovery of advance corporation tax	216	211	216	211
	<u>2,545</u>	<u>3,187</u>	<u>2,005</u>	<u>2,556</u>

17 Called up share capital

	1984	1983
	£000	£000
Authorised:		
Ordinary shares of 25p each —5,300,000	<u>1,325</u>	<u>1,325</u>
Allotted and called up:		
Ordinary shares of 25p each, fully paid —4,206,939	<u>1,052</u>	<u>1,047</u>
Ordinary shares of 25p each, issued pursuant to the Ash & Lacy Executive Share Incentive Scheme		
Fully paid — 5,000	—	1
1p paid —10,000	—	1
	<u>1,052</u>	<u>1,049</u>

During the year 1,728 fully paid shares were issued under the Ash & Lacy Save As You Earn Share Option Scheme for a consideration of £2,877.

On 15th October 1984, 10,000 fully paid shares were issued pursuant to the Ash & Lacy Executive Share Incentive Scheme for a consideration of £18,300.

The options granted under the Save As You Earn Share Option Scheme which remain outstanding entitle participants to purchase ordinary shares as follows:

Date option granted	No. of shares	Price per share
24th June 1980	5,539	154.80
22nd June 1981	3,523	264.6p
22nd June 1982	3,163	301.5p
5th July 1983	4,208	433.8p
22nd May 1984	5,217	477.0p

The options can normally be exercised five years after the date on which they were granted

18 Reserves

	Non-distributable			Distributable	Total
	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	
	£000	£000	£000	£000	£000
Group					
At 30th December 1983	697	936	152	13,289	15,074
Share premium on shares issued (note 17)	18	—	—	—	18
Goodwill on acquisition written off	—	—	—	(101)	(101)
Transfer	—	(10)	—	10	—
Retained profit for the year	—	—	—	539	539
At 28th December 1984	<u>715</u>	<u>926</u>	<u>152</u>	<u>13,737</u>	<u>15,530</u>
Company					
At 30th December 1983	697	807	3	8,840	10,347
Share premium on shares issued (note 17)	18	—	—	—	18
Transfer	—	(10)	—	10	—
Retained profit for the year	—	—	—	491	491
At 28th December 1984	<u>715</u>	<u>797</u>	<u>3</u>	<u>9,341</u>	<u>10,856</u>

19 Capital expenditure

	Group		Company	
	1984	1983	1984	1983
	£000	£000	£000	£000
Authorised by the directors but not provided for in the accounts:				
Contracted for	240	267	69	195
Not contracted for	7	1,081	—	131
	<u>247</u>	<u>1,348</u>	<u>69</u>	<u>326</u>

20 Guarantees

The company has given guarantees to banks to secure loan and overdraft facilities of certain subsidiaries. The amount covered by these guarantees at 28th December 1984 amounted to £65,000 (1983 £478,000).

21 Pension commitments

The actuarial valuation with respect to the position at 30th September 1984, indicated that the present funding arrangements are considered satisfactory and adequate to meet the future liabilities of the schemes.

to the members of Ash & Lacy plc

We have audited the financial statements on pages 9 to 20 and 23 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain freehold properties, give a true and fair view of the state of affairs of the company and the group at 28th December 1984 and of the profit and source and application of funds of the group for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain current cost accounts required by Statement of Standard Accounting Practice No. 16.



Thornton Baker
Chartered Accountants.

Birmingham
4th April 1985

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000	1984 £000
Turnover	30,204	26,679	27,861	25,237	27,070	27,554	32,614
Group profit							
Operating profit	2,079	2,557	2,272	2,041	2,594	3,127	2,709
Other income less interest payable	(178)	28	371	308	485	285	163
Profit before taxation	1,901	2,585	2,643	2,349	3,079	3,412	2,872
Taxation	539	778	297	661	898	1,059	1,492
Profit after taxation	1,362	1,807	2,346	1,688	2,181	2,353	1,380
Extraordinary items	(101)	482	(106)	—	—	—	—
Profit attributable to ordinary shareholders	1,261	2,289	2,240	1,688	2,181	2,353	1,380
Dividends	301	479	520	583	751	838	841
Profit retained	960	1,810	1,720	1,105	1,430	1,515	539
Funds							
Called up share capital	1,030	1,042	1,042	1,042	1,043	1,049	1,052
Retained profits and reserves	7,353	9,278	10,999	12,105	13,541	15,074	15,530
Total shareholders' funds	8,383	10,320	12,041	13,147	14,584	16,123	16,582
Employment of funds							
Fixed assets	4,586	4,922	5,694	6,523	8,346	9,884	10,161
Net current assets	6,186	7,720	8,155	7,941	7,641	7,766	8,790
	10,772	12,642	13,849	14,464	15,987	17,650	18,951
Creditors—amounts falling due after more than one year	(1,814)	(1,563)	(1,775)	(1,167)	(1,219)	(987)	(1,503)
Provisions for liabilities and charges	(575)	(759)	(33)	(150)	(184)	(540)	(866)
	8,383	10,320	12,041	13,147	14,584	16,123	16,582
Profit before tax expressed as a percentage of shareholders' funds employed at beginning of year	27.2%	30.1%	25.6%	19.5%	23.4%	23.4%	17.8%
Earnings per share	33.5p	43.7p	*38.4p	40.5p	52.3p	56.3p	32.9p
Net dividends per share	7.4p	11.5p	12.5p	14.0p	18.0p	20.0p	20.0p
Gross or equivalent dividend per share	10.8p	16.4p	17.8p	20.0p	25.7p	28.6p	28.6p

*Before exceptional taxation credit

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 J J ROMAN, managing director

All the subsidiary companies are directly owned by the company, operate in the United Kingdom and are wholly owned except for Western Galvanizers Limited which is a 75% subsidiary.