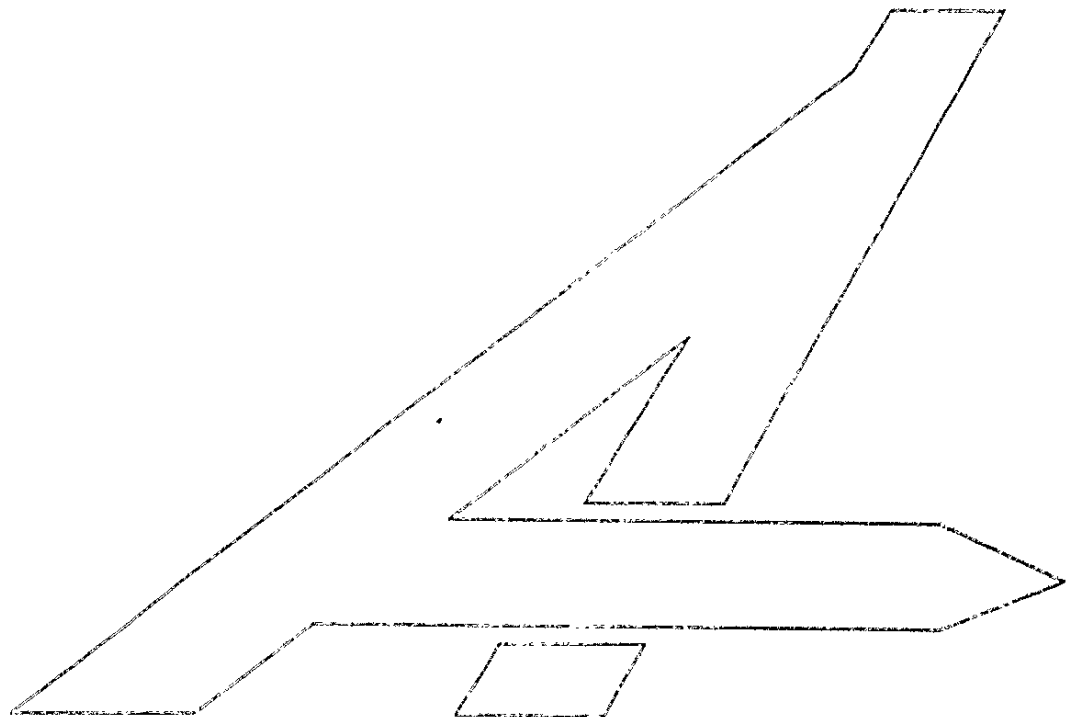


#7169/217

ASH & LACY 1982



Report and Accounts

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Financial Calendar

Annual general meeting	19th May 1983
Final dividend for 1982	Payable on 31st May 1983 to shareholders on the register at the close of business on 6th May 1983
Interim report for 1983	October 1983
Interim dividend for 1983	Payable in November 1983
Financial year-end for 1983	30th December 1983
Preliminary announcement for 1983	April 1984
Report and accounts for 1983	April 1984

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

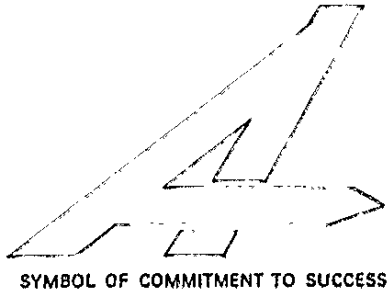
High profits help to achieve:

- 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

John Fane Vernon
(Chairman)

David Sword Litter Fiatcher, RD,
BSc(Eng), CEng, MIMechE
(Managing)

John Jeremy McKinnell Potter,
BA, FCA

Henry Victor Scaldwell,
FCMA

John Horton Vernon, MA

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
Midland Bank plc

Stockbrokers

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

NOTICE IS HEREBY GIVEN that the eighty-eighth annual general meeting of the members will be held at the Botanical Gardens, Westbourne Road, Edgbaston, Birmingham, on Thursday, 19th May 1983 at 12.00 noon for the following purposes:

- 1 To receive the report of the directors and statement of accounts for the year 1982 (52 weeks ended 31st December 1982)
- 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 ordinary resolution passed on 10th May 1982 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 1983 to members registered on 6th May 1983.

Copies of the directors' contracts of service are available for inspection during normal business hours at the registered office from 26th April 1983 until 19th May 1983 and at the Botanical Gardens, Westbourne Road, Edgbaston, Birmingham, on 19th May 1983 from 11.45 am until the conclusion of the annual general meeting.

By order of the board,

J W LUNT,
Secretary.

Alma Street,
Smethwick,
Warley,
West Midlands, B66 2FP
Reg. No. 47169 England
26th April 1983

The directors present their report and statement of accounts for 1982

Trading results

The group profit for the year before taxation amounted to £3·079 million (1981 £2·349 million) which after taxation amounted to £2·181 million (1981 £1·688 million) applied as follows:

	1982 £000	1981 £000
Interim dividend 1982 of 8·0p per share (1981 – 6·0p)	334	250
Final dividend 1982 of 10·0p per share (1981 – 8·0p)	417	333
Profit retained	1,430	1,105
	<hr/> 2,181	<hr/> 1,688

Dividends

The directors recommend a final dividend of 10·0p per share payable on 31st May 1983 which, with the interim dividend of 8·0p per share paid on 12th November 1982, makes a total distribution for the year of 18·0p per share.

Principal activities

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

Turnover and contributions to group trading profit

	1982		1981	
	External sales £000	Trading profit £000	External sales £000	Trading profit £000
Manufacturing	21,655	2,503	17,072	1,792
Distributing	5,415	156	8,165	249
	<hr/> 27,070	<hr/> 2,659	<hr/> 25,237	<hr/> 2,041

Current cost accounts

A statement of results as adjusted for inflation in accordance with Statement of Standard Accounting Practice No. 16 together with notes thereon are set out on pages 20 to 22.

Share capital

During the year 603 fully paid ordinary shares were issued under the Ash & Lacy Save As You Earn Share Option Scheme for a consideration of £735 and 4,000 partly paid ordinary shares issued under the Ash & Lacy Executive Share Incentive Scheme were paid up in full, the balance of the aggregate subscription price being £5,933.

At the annual general meeting in 1982 shareholders authorised the directors, pursuant to the Companies Act 1980, (a) to allot all the then 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 1983 annual general meeting.

The directors consider it desirable to roll forward authority (a) for five years from the date of the 1983 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 the sale of 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.

Fixed assets

The investment in properties and plant during the year amounted to £2,568,000.

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 March 1983		31st December 1982		1st January 1982	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
J F Vernon	82,597	—	82,597	5,600	82,597	5,600
D S L Fletcher	11,541	—	11,541	—	11,541	—
J J McK Potter	100	400	100	400	100	400
H V Scaldwell	6,036	—	6,036	—	6,036	—
J H Vernon	500	—	500	—	500	—

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

	28th March 1983		31st December 1982		1st January 1982	
	Fully paid	1p per share paid	Fully paid	1p per share paid	Fully paid	1p per share paid
D S L Fletcher	5,000	10,000	5,000	10,000	5,000	10,000

The director retiring by rotation is Mr J H Vernon who, being eligible, offers himself for re-election.

Mr J E Philpotts resigned from the board on 31st March 1982.

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.

	28th March 1983	31st December 1982
Britannic Assurance Public Limited Company	11.01%	11.01%
Imperial Group Pension Trust Limited		
and another	7.35%	7.35%
The Sea Insurance Company Limited	6.95%	6.95%
Prudential Assurance Company Limited	5.33%	5.34%
Wesleyan & General Assurance Society	5.04%	5.04%

Charitable and political donations

During the year the group has donated £3,446 to charity and contributed £2,500 to the Conservative Party.

Employees

The average weekly number employed by the group including part-time employees was 691 (1981: 675) and the aggregate remuneration for the year was £4,340,000 (1981 £4,037,000).

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 career 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 1982 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.
14th April 1983

Results for the year 1982

1982 was a good year for the Ash & Lacy group.

For the first time our pre-tax profits have exceeded £3.0 million showing an increase of 31% over the previous year. This is despite having to operate in a recession comparable in its severity to that between the two world wars.

Dividends

In view of these results your directors are pleased to recommend a final dividend of 10 pence per share making a total for the year of 18 pence per share compared with 14 pence per share in 1981.

The trading members of the group

Ash & Lacy Steel Products has had an excellent year with a further substantial increase in profits. It has now taken on extra premises and has invested in new machinery. Ash & Lacy Steel Products (Scotland) also improved its profit performance.

Joseph Ash & Son, who carry out galvanizing at Birmingham and Telford and make tanks in Birmingham, has had another good year. Our galvanizing activities in London are growing; in addition to Leech, Brain at Poplar where we are in the middle of a £0.75 million development and which is due to become operational in the summer, we acquired the galvanizing business of Redpath Dorman Long at Blackwall in November and this has been re-named Blackwall Galvanizers. Our plant at Charlton, London Galvanizers, has also had a good year.

Ash & Lacy Perforators, who in recent years has invested heavily in re-equipping its plant with new machinery of the latest design, almost doubled its previous year's profit.

Ash Plastic Products has responded to the shortage of demand from its customers due to the recession by introducing a series of new products. These include a new range of equine aids which are already proving popular, and a smaller version of the Octaplast litter bin which is now being seen with increasing frequency on petrol station forecourts and shopping and leisure areas.

W. & S. Allery has had a successful year. All three of its operations – Smethwick, Tonbridge and Rochdale – have made good contributions. Work has started on a new purpose-designed warehouse at Rochester which will be a considerable improvement on its existing premises at Tonbridge where the lease is running out.

Ash & Lacy Distributors

With regret we disposed of this business at the beginning of April 1982. Your directors came to the conclusion that it was not likely to achieve a satisfactory return on the capital employed as an independent unit and would have a better future as part of a national distribution network. We were able to secure a good price for the business and favourable terms for the employees. The new owners are carrying on the business on the same site and continuing to employ the majority of our former employees.

The objectives of our company

The prime objective of our company is to earn the maximum possible profits (see page 2). I am often asked how we set out to achieve this objective. It is by continually applying the following well-tried policies throughout the group:

- following our single team concept while preaching and practising devolution in all the member companies
- investing in areas with good growth possibilities
- investing in as high technology as possible — although the products we make and the services we sell are relatively unsophisticated, our plant and machinery is in many cases highly sophisticated and the most modern in the world
- keeping our operating units small enough to be quick on their feet and able to react swiftly to market conditions
- taking hard decisions to leave industries or activities where the profit potential is no longer there and taking them early
- paying as little attention as possible to dismal business forecasters

Our employees

As I have said earlier, the prime objective of our company is to earn the maximum possible profits. I would like to thank everybody who has helped us to do this — especially our employees at all levels whose dedication and competence have made our continued achievement possible.

Prospects for 1983

It is not our policy to make forecasts. However, we maintain a strong faith in the continuing growth of our company and we have today approved new investment of approximately £1 million which is additional to the £1.7 million authorised capital expenditure referred to in the accounts.

A handwritten signature in black ink that reads "Jane Vernon". The signature is written in a cursive, flowing style.

14th April 1983

Chairman

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 and in accordance with sections 149A and 152A and schedule 8A of the Companies Act 1948.

(b) Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries listed on page 24, all of which are made up to 31st December 1982. 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) External sales

The external sales 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 sales between group members of £349,000 (1981 £331,000).

(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 and leasehold 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.

(g) Investment properties

Investment properties are stated at open market value.

Consolidated
Profit and Loss Account

	Notes	1982 £000	1981 £000
External sales		27,070	25,237
Trading profit	1	2,659	2,041
Other income less interest payable	3	420	308
Profit before taxation		3,079	2,349
Taxation	4	898	661
Profit after taxation	5	2,181	1,688
Dividends	6	751	583
Profit retained	9	1,430	1,105
Earnings per share	7	52.3p	40.5p

JFV
1/1

	Notes	£000	1982 £000	£000	1981 £000
Funds					
Share capital	8		1,043		1,042
Reserves	9		13,541		12,105
Total share capital and reserves			14,584		13,147
Deferred taxation	10		164		150
Loan capital	11		734		834
			15,502		14,131
Employment of funds					
Fixed assets	12				
Freehold properties			4,484		2,949
Leasehold property			—		777
Plant, machinery and equipment			3,018		2,280
Motor vehicles			399		412
			7,901		6,418
Investment property	13		366		—
Listed investments at cost (market value £60,000 1981 £99,000)			79		105
Current assets					
Stock and work in progress	15	4,509		4,348	
Debtors		6,011		6,003	
Short term government securities (market value £1,793,000 1981 £2,245,000)		1,683		2,152	
Short term deposits		1,281		1,453	
		13,484		13,956	
Current liabilities					
Creditors		4,339		3,860	
Bank overdrafts	11	347		273	
Taxation		640		1,449	
Proposed final dividend	6	417		333	
		5,743		5,915	
Net current assets			7,741		8,041
			16,087		14,564
Deferred liabilities					
Corporation tax payable 1st July 1984			585		433
			15,502		14,131

[Signature]

[Signature]
J F Vernon Director


[Signature]

D S L Fletcher Director

[Signature]

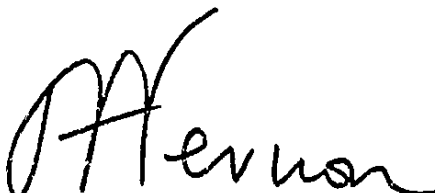
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	Notes	1982 £000	1981 £000
Funds			
Share capital	8	1,043	1,042
Reserves	9	9,562	8,471
Total share capital and reserves		10,605	9,513
Deferred taxation	10	33	110
Loan capital	11	734	834
		11,372	10,457
Employment of funds			
Fixed assets	12		
Freehold properties		1,747	1,682
Plant, machinery and equipment		1,774	1,410
Motor vehicles		122	119
		3,643	3,211
Investment property	13	366	---
Investment in subsidiaries	14	1,981	2,651
Listed investments at cost (market value £60,000 1981 £99,000)		79	105
Current assets			
Stock and work in progress	15	2,166	1,863
Debtors		2,960	2,498
Short term government securities (market value £1,793,000 1981 £2,245,000)		1,683	2,152
Short term deposits		1,279	1,451
Bank balance	11	1,373	456
		9,461	8,420
Current liabilities			
Creditors		2,039	1,476
Taxation		699	1,281
Amounts due to subsidiaries		418	407
Proposed final dividend	6	417	333
		3,573	3,497
Net current assets		5,888	4,923
		11,957	10,890
Deferred liabilities			
Corporation tax payable 1st July 1984		585	433
		11,372	10,457



J F Vernon

Director



D S L Fletcher

Director




	1982	1981
£000	£000	£000
Source of funds		
Group profit before tax	3,079	2,349
Depreciation	1,001	836
Total generated from operations	4,080	3,185
Funds from other sources		
Disposals of fixed assets	84	106
Balance of subscription prices in respect of Ash & Lacy Executive Share Incentive Scheme shares and Ash & Lacy Save As You Earn Share Option Scheme shares	7	1
Disposal of listed investments	26	—
	4,197	3,292
Application of funds		
Investment in properties and plant	2,568	1,687
Purchase of investment property	366	—
Purchase of listed investments	—	84
Repayment of loan capital	100	—
(Decrease) in working capital:		
Stock and work in progress	161	(505)
Debtors	8	830
Creditors	(479)	(477)
	(310)	(152)
Corporation tax paid	1,521	604
Dividends paid	667	520
Movement in net borrowings and liquid funds:		
(Decrease) in short term deposits (after adjusting for bank borrowings)	(246)	(500)
(Disposal)/purchase of short term government securities	(469)	1,049
	(715)	549
	4,197	3,292

Disposal of subsidiary	£000
Fixed assets	70
Goodwill	58
Stock	794
Debtors	928
Cash at Bank	17
Creditors	(563)
	1,304
Amount due to Ash & Lacy plc	1,304
Profit/(loss) on disposal of subsidiary	—

1 Trading profit	1982	1981
	£000	£000
Trading profit is stated after charging/(crediting):		
Depreciation	1,001	836
Plant leasing and hire	34	30
Auditors' remuneration	35	32
Directors' emoluments (Note 2)	108	121
Rent—Payable	172	169
—Receivable	(65)	—
Pension paid to former director	—	4
2 Directors' emoluments	1982	1981
	£	£
Fees	20,418	9,680
Other emoluments	88,861	146,505
	<u>109,279</u>	<u>156,185</u>
Less: Management fee from outside company	1,482	35,000
	<u>107,797</u>	<u>121,185</u>
The directors' emoluments, excluding pension contributions were:		
Chairman (before management fee from outside company)	11,692	35,818
The highest paid director	39,079	36,224
The emoluments of other directors were in the following ranges	No.	No.
Nil to £5,000	2	2
£5,001 to £10,000	1	—
£25,001 to £30,000	—	1
£30,001 to £35,000	1	1
3 Other income less interest payable	1982	1981
	£000	£000
Income receivable from listed investments	446	258
Interest receivable	142	206
	<u>588</u>	<u>464</u>
Less: Interest payable:		
Bank loan and overdrafts	141	129
Debenture	27	27
	<u>168</u>	<u>156</u>
	<u>420</u>	<u>308</u>
4 Taxation	1982	1981
	£000	£000
The taxation charge based on profit for the year is made up as follows:		
United Kingdom corporation tax at 52%	865	542
Deferred taxation	70	144
	<u>955</u>	<u>686</u>
Adjustments for previous year	(57)	(25)
	<u>898</u>	<u>661</u>

Had full provision for deferred taxation been made the taxation charge for the year would have been £1,294,000 (1981 £1,001,000) as compared with the charge of £955,000 (1981 £686,000) shown above.

5 Profit after taxation	1982	1981
	£000	£000
Dealt with in the accounts of the company	1,836	1,667
Retained by subsidiaries	345	21
	2,181	1,688

6 Dividends	1982	1981
	£000	£000
Interim 1982 paid 12th November 1982 8.0p per share (1981 – 6.0p)	334	250
Proposed final 1982 – 10.0p per share (1981 – 8.0p)	417	333
	751	583

7 Earnings per share

The calculation of basic earnings per share is based on earnings of £2,181,000 (1981 £1,688,000) and on 4,167,815 fully paid ordinary shares being the weighted average of the fully paid ordinary shares ranking for dividend in issue during the year (1981: 4,164,258).

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

8 Share capital	1982		1981	
	Authorised	Issued	Authorised	Issued
	£000	£000	£000	£000
Ordinary shares of 25p each, fully paid	1,325	1,041	1,325	1,040
Ordinary shares of 25p each, issued pursuant to the Ash & Lacy Executive Share Incentive Scheme				
Fully paid		1		1
1p paid		1		1
	1,325	1,043	1,325	1,042

During the year 603 fully paid ordinary shares were issued under the Ash & Lacy Save As You Earn Share Option Scheme and 4,000 partly paid ordinary shares issued under the Ash & Lacy Executive Share Incentive Scheme were paid up in full.

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
1st August 1978	20,943	112.5p
29th June 1979	2,412	166.5p
24th June 1980	6,314	154.8p
22nd June 1981	5,320	264.6p
22nd June 1982	3,163	301.5p

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

9 Reserves

	1982	
	Group	Company
	£000	£000
At 1st January 1982	12,105	8,471
Share premium on subscription for shares by participants in the Ash & Lacy Save As You Earn Share Option Scheme and the Ash & Lacy Executive Share Incentive Scheme	6	6
Retained profit for the year	1,430	1,085
At 31st December 1982	13,541	9,562
Comprising:		
Share premium	679	679
Other reserves	12,862	8,883
	13,541	9,562

10 Deferred taxation

	Group		Company	
	1982	1981	1982	1981
	£000	£000	£000	£000
Accelerated capital allowances	489	317	260	260
Other timing differences	(126)	(24)	(53)	(7)
	363	293	207	253
Less: Future recovery of advance corporation tax	179	143	174	143
	184	150	33	110

The total potential amount of deferred taxation is as follows:

	Group		Company	
	1982	1981	1982	1981
	£000	£000	£000	£000
Accelerated capital allowances	2,647	2,109	1,210	1,023
Other timing differences	(183)	(111)	(114)	(59)
Capital gains	443	449	222	232
	2,907	2,447	1,318	1,196
Less: Future recovery of advance corporation tax	179	143	174	143
	2,728	2,304	1,144	1,053

11 Group borrowings

	1982			1981		
	Unsecured	Secured	Total	Unsecured	Secured	Total
	£000	£000	£000	£000	£000	£000
8% Debenture stock 1987-92	—	334	334	—	334	334
Bank loan 1983-86	400	—	400	500	—	500
Total loan capital and company borrowings	400	334	734	500	334	834
Company bank balance	(1,373)	—	(1,373)	(456)	—	(456)
Subsidiaries' net overdrafts	1,720	—	1,720	729	—	729
Total group borrowings	747	334	1,081	773	334	1,107

11 Group borrowings continued

Repayments and instalments fall due as follows:

	1982			1981		
	Bank loan and overdrafts £000	Others £000	Total £000	Bank loan and overdrafts £000	Others £000	Total £000
Within 12 months or on demand	447	—	447	373	—	373
Between 1–2 years	100	—	100	100	—	100
Between 2–5 years	200	—	200	300	—	300
After 5 years	—	334	334	—	334	334
	<u>747</u>	<u>334</u>	<u>1,081</u>	<u>773</u>	<u>334</u>	<u>1,107</u>

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 a margin of 1½% over the relevant base lending rate.

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

12 Fixed assets

	Freehold properties £000	Long leasehold property £000	Plant, machinery and equipment £000	Motor vehicles £000
Group				
At 1st January 1982	2,051	—	—	—
Valuation in 1978	1,032	809	4,573	1,183
Cost	838	—	1,411	319
Additions	—	—	(1)	(198)
Disposals	—	—	(74)	(170)
Arising on disposal of subsidiary	809	(809)	—	—
Transfer on purchase of freehold	—	—	—	—
At 31st December 1982	2,051	—	—	—
Valuation in 1978	2,679	—	5,909	1,134
Cost	—	—	—	—
Depreciation	134	32	2,293	771
At 1st January 1982	80	—	666	255
Provided in the year	—	—	(1)	(184)
Disposals	—	—	(67)	(107)
Arising on disposal of subsidiary	32	(32)	—	—
Transfer on purchase of freehold	—	—	—	—
At 31st December 1982	246	—	2,891	735
Net book amount:				
At 31st December 1982	4,484	—	3,018	399
At 1st January 1982	2,949	777	2,280	412
Gross depreciable amount:				
At 31st December 1982	3,405	—	5,909	1,134
At 1st January 1982	2,174	809	4,573	1,183

12 Fixed assets (continued)

Company	Freehold properties £000	Plant, machinery and equipment £000	Motor vehicles £000
At 1st January 1982			
Valuation in 1978	1,465	—	—
Cost	288	2,982	397
Additions	96	697	85
Disposals	—	(1)	(72)
Intra-group transfers	—	—	4
At 31st December 1982			
Valuation in 1978	1,465	—	—
Cost	384	3,678	414
Depreciation			
At 1st January 1982	71	1,572	278
Provided in the year	31	333	80
Disposals	—	(1)	(68)
Intra-group transfers	—	—	2
At 31st December 1982	102	1,904	292
Net book amount:			
At 31st December 1982	1,747	1,774	122
At 1st January 1982	1,682	1,410	119
Gross depreciable amount:			
At 31st December 1982	1,253	3,678	414
At 1st January 1982	1,247	2,982	397

13 Investment property

The freehold investment property is stated at the directors' estimate of its open market value at 31st December 1982.

14 Investment in subsidiaries

A list of operating subsidiaries is given on page 24 which forms part of these accounts.

	1982 £000	1981 £000
Shares at cost, less amounts written off	1,479	1,479
Advances to subsidiaries	785	1,872
	<u>2,264</u>	<u>3,351</u>
Advances from subsidiaries	283	700
	<u>1,981</u>	<u>2,651</u>

The whole of the issued share capital of Ash & Lacy Distributors Limited was sold on 5th April 1982

15 Stock and work in progress

	Group		Company	
	1982 £000	1981 £000	1982 £000	1981 £000
Raw material and merchandise	3,627	3,691	1,471	1,356
Work in progress	124	152	76	99
Finished goods	758	505	619	408
	<u>4,509</u>	<u>4,348</u>	<u>2,166</u>	<u>1,863</u>

Repo

16 Capital expenditure

	Group		Company	
	1982 £000	1981 £000	1982 £000	1981 £000
Authorised by the directors but not provided for in the accounts:				
Contracted for	1,219	613	491	—
Not contracted for	456	626	305	196
	<u>1,675</u>	<u>1,239</u>	<u>796</u>	<u>196</u>

17 Guarantees

The company has given guarantees to banks to secure loan and overdraft facilities of certain subsidiaries. The amount covered by these guarantees at 31st December 1982 amounted to £1,804,000 (1981 £900,000).

18 Approval of accounts

The directors of the company approved the accounts on 14th April 1983.

Report of the auditors**to the members of Ash & Lacy plc**

We have audited the financial statements on pages 9 to 19 in accordance with approved Auditing Standards.

In our opinion the financial statements on pages 9 to 19, 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 31st December 1982 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.

In our opinion the abridged supplementary current cost accounts set out on pages 20 to 22 have been properly prepared in accordance with the policies and methods described in notes 1 to 7 to give the information required by Statement of Standard Accounting Practice No. 16.

Thornton Baker
Thornton Baker
Chartered Accountants.

Birmingham
14th April 1983.

Group current cost profit and loss account

	Notes	1982 £000	1981 £000
Sales		27,070	25,237
Trading Profit as in the historical cost accounts		2,659	2,041
Less: Current cost operating adjustments	3	768	689
Current cost operating profit	1	1,891	1,352
Other income less interest payable		420	308
		2,311	1,660
Add: Gearing adjustment		—	—
Current cost profit before taxation		2,311	1,660
Taxation		898	661
Current cost profit attributable to the shareholders	1	1,413	999
Dividends		751	583
Current cost retained profit	5	662	416
Current cost earnings per share		33.9p	24.0p

Group current cost balance sheet

	Notes	1982 £000	1981 £000
Funds			
Share capital		1,043	1,042
Current cost reserve	4	4,702	4,027
Other reserves	5	10,687	9,982
		16,432	15,051
Deferred taxation		184	150
Loan capital		734	834
		17,350	16,035
Employment of Funds			
Fixed assets	6	9,648	8,235
Investments		426	99
Net Current Assets			
Stock and work in progress		4,519	4,348
Monetary working capital		1,730	2,306
Total working capital		6,249	6,654
Other current assets (net)		2,029	1,813
Proposed dividend		(417)	(333)
		7,861	8,134
		17,935	16,468
Deferred liabilities		585	433
		17,350	16,035

Notes on the current cost accounts

1 General description of current cost accounts

The current cost system, whilst not a system of accounting for general inflation, allows for price changes specific to the activities of the group when reporting assets employed and profits thereon.

The current cost operating profit is the surplus arising from the ordinary activities of the group in the year. It is determined after allowing for the impact of price changes on the funds needed to maintain the net operating assets but does not take into account the way in which these assets are financed.

The current cost profit attributable to shareholders is the surplus after allowing for the impact of price changes on the funds needed to maintain only their proportion of the net operating assets.

2 Bases and methods

The bases and methods adopted in preparing the current cost accounts are as follows:

(i) The current cost accounts have been prepared in accordance with Statement of Standard Accounting Practice No. 16.

(ii) The valuation of fixed assets and the additional depreciation thereon have been computed principally by using the appropriate industry indices.

For the purpose of the current cost accounts the asset lives have been reassessed and are generally longer than those used in the historical cost accounts.

(iii) Stock is stated at the lower of replacement cost and net realisable value. Replacement cost is computed principally by using the appropriate industry indices.

(iv) Investments are computed at their market value.

(v) The cost of sales and monetary working capital adjustments are computed principally by using the appropriate industry indices and by applying the averaging method.

(vi) The gearing adjustment reflects the benefit attributable to the use of borrowed money and is computed by applying the average gearing percentage to the current cost operating adjustments.

(vii) The indices referred to above are as issued by the Business Statistics Office.

(viii) Except as set out above, the accounting policies used in the current cost accounts are the same as those used in the historical cost accounts.

3 Current cost operating adjustments

	1982 £000	1981 £000
Depreciation	439	471
Cost of sales	152	127
Monetary working capital	140	55
Disposal of fixed assets	37	36
	<hr/> 768	<hr/> 689

4 Current cost reserve	£000	£000
At 1st January 1982		4,027
Revaluation surpluses reflecting price changes during the year:		
Fixed assets	406	
Investments	4	
Stock and work in progress	162	
	<u>572</u>	
Monetary working capital adjustment	140	
Gearing adjustment	—	
	<u>—</u>	712
Surplus on assets realised during the year		(37)
At 31st December 1982		<u>4,702</u>
of which: realised		2,854
unrealised		1,848
		<u>4,702</u>

The realised element represents the net cumulative total of the current cost adjustments which have been processed through the profit and loss account.

5 Other Reserves	£000	£000
At 1st January 1982		9,982
Share premium on subscriptions for shares by participants in the Ash & Lacy Save As You Earn Share Option Scheme and the Ash & Lacy Executive Share Incentive Scheme	6	
Current cost retained profit for the year	662	
Realised revaluation surpluses	37	
	<u>—</u>	705
At 31st December 1982		<u>10,687</u>
Comprising:		
Share premium		679
Other reserves		10,008
		<u>10,687</u>

6 Fixed assets		1982		1981
	Gross £000	Depreciation £000	Net £000	Net £000
Freehold properties	4,661	244	4,417	2,800
Leasehold property	—	—	—	976
Plant, machinery and equipment	11,277	6,599	4,678	3,882
Motor vehicles	1,406	853	553	577
	<u>17,344</u>	<u>7,696</u>	<u>9,648</u>	<u>8,235</u>

7 Financing of net operating assets	£000	1982 £000	£000	1981 £000
Fixed assets		9,648		8,235
Investments		426		99
Working capital		6,249		6,654
Net operating assets		<u>16,323</u>		<u>14,988</u>
Share capital and reserves	16,432		15,051	
Proposed dividend	417		333	
	<u>—</u>	16,849	<u>—</u>	15,384
Total shareholders' interest				
Deferred taxation	184		150	
Loan capital	734		834	
Deferred liabilities	585		433	
Other current assets (net)	(2,029)		(1,813)	
	<u>—</u>	(526)	<u>—</u>	(396)
Surplus of other net current assets		<u>16,323</u>		<u>14,988</u>

External sale

Group profit

Trading profit
Other income
interest paya

Profit before
Taxation

Profit after ta
Extraordinary

Net profit of
Ordinary divi

Profit retaine

Funds
Share capita
Retained pro
reserves

Total shareh
Deferred tax
Loan capital

Employment
Fixed assets
Net current a

Deferred liab

Profit before
as a percent
employed at
year excludi
capital
Earnings pe
basis)
Earnings pe
basis applyi
Net dividen
Gross or eq
dividend pe

* Before exce

Financial statements

	1973 £000	1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
External sales	11,369	15,100	16,705	23,990	24,603	30,204	26,679	27,861	25,237	27,070
Group profit										
Trading profit	987	1,454	1,373	2,072	1,660	2,079	2,557	2,272	2,041	2,659
Other income less interest payable	(110)	(242)	(267)	(287)	(260)	(178)	28	371	308	420
Profit before taxation	877	1,212	1,106	1,785	1,400	1,901	2,585	2,643	2,349	3,079
Taxation	444	640	592	916	463	539	778	297	661	898
Profit after taxation	433	572	514	869	937	1,362	1,807	2,346	1,688	2,181
Extraordinary items	—	—	47	9	288	(101)	482	(106)	—	—
Net profit of the group	433	572	561	878	1,225	1,261	2,289	2,240	1,688	2,181
Ordinary dividends	148	159	218	240	270	301	479	520	583	751
Profit retained	285	413	343	638	955	960	1,810	1,720	1,105	1,430
Funds										
Share capital	537	537	1,024	1,024	1,024	1,030	1,042	1,042	1,042	1,043
Retained profits and reserves	2,490	2,814	3,047	3,712	5,970	7,353	9,278	10,999	12,105	13,541
Total shareholders' funds	3,027	3,351	4,071	4,736	6,994	8,383	10,320	12,041	13,147	14,584
Deferred taxation	283	798	1,295	2,491	1,070	575	759	33	150	184
Loan capital	729	1,177	1,070	1,258	1,236	1,183	834	834	834	734
	4,039	5,326	6,436	8,485	9,300	10,141	11,913	12,908	14,131	15,502
Employment of funds										
Fixed assets	2,485	3,204	3,176	3,420	3,267	4,586	4,922	5,694	6,523	8,346
Net current assets	1,785	2,512	4,209	5,449	6,854	6,428	7,720	8,155	8,041	7,741
	4,270	5,716	7,385	8,869	10,121	11,014	12,642	13,849	14,564	16,087
Deferred liabilities	231	390	949	384	821	873	729	941	433	585
	4,039	5,326	6,436	8,485	9,300	10,141	11,913	12,908	14,131	15,502
Profit before tax expressed as a percentage of funds employed at beginning of year excluding loan capital	36.7%	36.6%	26.7%	33.3%	19.4%	23.6%	28.9%	23.9%	19.5%	23.2%
Earnings per share (old basis)	13.1p	17.4p	13.6p	21.4p	—	—	—	—	—	—
Earnings per share (new basis applying SSAP15)	—	—	—	—	23.1p	33.5p	43.7p	*38.4p	40.5p	52.3p
Net dividends per share	4.5p	4.8p	5.4p	6.0p	6.6p	7.4p	11.5p	12.5p	14.0p	18.0p
Gross or equivalent dividend per share	6.4p	7.3p	8.3p	9.1p	10.0p	10.8p	16.4p	17.8p	20.0p	25.7p

* Before exceptional taxation credit.

Trading member
of the group

Ash & Lacy plc

Alma Street, Smethwick, Warley, West Midlands, B66 2RP
Telephone: 021-558 2171 Telex: 338597
D S L FLETCHER, managing director

Ash & Lacy Perforators Limited

Perforated and expanded metals
Alma Street, Smethwick, Warley, West Midlands, B66 2RP
Telephone: 021-558 8921 Telex: 337608
Cannon Lane, Tonbridge, Kent, TN9 1PP
Telephone: 0732-365640/1 Telex: 95250
F B REVILL, managing director

Ash & Lacy Steel Products Limited

Roll-formed steel roofing and cladding sheets; gutters, flashings and other
press brake work
Shaw Street, Hill Top, West Bromwich, West Midlands, B70 0TX
Telephone: 021-556 4211 Telex: 336239

Ash & Lacy Steel Products (Scotland) Limited

Steel service and processing centre
Glasgow Road, Clydebank, Strathclyde, G81 1PP
Telephone: 041-952 7831 Telex: 779197
M J L CARTWRIGHT, managing director

Ash Plastic Products Limited

Rotational moulding of thermoplastic tanks and other hollow products
Industrial Estate, Long Acre, Birmingham, B7 5JD
Telephone: 021-326 7358 Telex: 338597
G W WASSELL, managing director

Joseph Ash & Son Limited

Galvanizing Divisions:

Joseph Ash Galvanizing

Charles Henry Street, Birmingham, B12 0SP
Telephone: 021-622 4661 Telex: 337978

Joseph Ash Galvanizing

Stafford Park 6, Telford, Shropshire, TF3 3BQ
Telephone: 0952-615201

Blackwall Galvanizers

Blackwall Works, Orchard Place, London, E14 0JJ
Telephone: 01-987 5070

Leech, Brain & Co., Limited

Glaucus Ironworks, Leven Road, Poplar, London, E14 0LP
Telephone: 01-987 2285

London Galvanizers Limited

Bugsbys Way, Gallions Road, Woolwich Road, Charlton, London, SE7 7DH
Telephone: 01-853 3178

Tank making Division:

Joseph Ash Storage Tanks

Charles Henry Street, Birmingham, B12 0SP
Telephone: 021-622 4661 Telex: 337978
H V SCALDWELL, managing director

W. & S. Allely Limited

Non-ferrous metals and stainless steel stockholding
Alma Street, Smethwick, Warley, West Midlands, B66 2RP
Telephone: 021-558 3301 Telex: 335761
Cannon Lane, Tonbridge, Kent, TN9 1PP
Telephone: 0732-353607 Telex: 95250
Rochdale Industrial Centre, Albion Road, Rochdale, Lancashire, OL11 4JB
Telephone: 0706-353770 Telex: 635623
J J TROMAN, managing director

(All subsidiary companies operate in the United Kingdom and are wholly owned
directly by the company)



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