

Notice of Meeting

30.

Notice is hereby given that the ninety-first Annual General Meeting of the Company will be held at the Midland Hotel, Birmingham on Friday, 28th November 1980 at 12 noon to transact the following business:

- 1 To receive the Directors' Report and Accounts for the year ended 31st July 1980.
- 2 To declare a dividend.
- 3 To re-elect directors.
- 4 To re-appoint Messrs. Deloitte Haskins & Sells as auditors of the Company in accordance with Section 14 of the Companies Act 1976.
- 5 To authorise the directors to fix the remuneration of the auditors.
- 6 To transact any other ordinary business.

A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company.

Hospital Street
Birmingham B19 2YG

By order of the Board
Bryan R. Lewis
Secretary
5th November 1980



Notes:

- 1 The following information is available for inspection at the registered office during business hours and at the place of the Annual General Meeting from 11.45 a.m. until the conclusion of the meeting:
a statement of transactions of directors (and their family interests) in the share capital of the Company and its subsidiaries;
copies of contracts of service between the directors and the Company or its subsidiaries.
- 2 Warrants for the dividend, if approved, will be posted on the 12th December 1980.
- 3 The adjusted market price of the Company's shares on 6th April 1965 was 58.75p.
- 4 Any change of address should be notified immediately to the Registrars.

Chairman's Statement

Review

When I reported in March 1980 on the results for the first six months of the financial year 1979/80, most of the companies in the Group had reasonable order books and the prospects for the year appeared to be satisfactory taking all the economic circumstances into account. However, in April there was a decline in orders caused partly by de-stocking by many of our merchant customers and partly by the prevailing low level of activity in the building industry with the resultant effect on the sales and profits.

The Engineering company of the Newman-Tonks sub-group was affected by the down-turn in trade more than most companies in the Group. Competition, particularly for hydraulic door closers, is intense but the quality of our products, coupled with the brand name of Briton which is the market leader, will enable us to increase our market share. Our development plans for new products both for the domestic market and for export will, I am convinced, increase our profitability in this company.

The Hardware company of the Newman-Tonks sub-group has almost completed the transfer of plant and personnel into the extension of the new factory in Moorsom Street. The benefits to which I referred in my last statement did not materialise in the year under review because of various delays but I am now confident that with the consolidation of this company on to one site (instead of three separate factories), we shall benefit in the current year. In contrast to most companies in the sub-group, the order book for this company is reasonably buoyant and we expect a significant contribution to profits.

The Econa sub-group has made an excellent contribution to the Group profits, particularly the metals sector of this sub-group comprising Hudson Edmunds & Co. Ltd. and Powell Piggott Ltd., which manufacture non-ferrous extrusions and tube.

Rothley Brass Limited increased its sales and profits although margins were under pressure. Here again, orders are reasonably buoyant and products supplied by the Moorsom Street factory are now being introduced through Rothley Brass to the home improvement and DIY retail outlets.

Overseas

The performance of our Australia company was disappointing but some re-organisation has now taken place and provided the economic conditions there do not deteriorate, I believe the company will show increased profits in the current year.

Our South African company has once again enjoyed a successful year. The aluminium diecasting plant which was commissioned about two years ago to produce bodies for the hydraulic door closers manufactured over there has proved successful and substantial orders have already been received for sub-contract work. There is available to shareholders a comprehensive report on the level of wages and conditions of employment for both black and white employees in the South African company.

Our associate company, Newpeer Aluminium Limited, based in the Republic of Ireland ceased trading on 12th March 1980. The results for the year include write-offs totalling £1,061,000 of which £120,000 is shown under share of loss of associated company and £941,000 is included in extraordinary items. The total write-off of £1,061,000 represents cash already spent.

The main reason for deciding to close the company down was because of the difficulties and uncertainties in the United Kingdom motor trade which we were supplying with aluminium diecastings. The production of the door closer was almost up to budget but it was not possible to make the company viable without the contribution of the aluminium diecastings. The door closer is now being manufactured in the United Kingdom by Newman-Tonks Engineering Limited.

Results

The profits for the year have been disappointing and particularly for the second half. Group profits before interest charges were £3,292,000 compared with £3,838,000 in 1979. From this must be deducted £120,000 being our share of the trading loss in our associated company, Newpeer Aluminium Limited which has now been closed. Interest charges were £993,000 compared with £784,000 in 1979 and there were exceptional charges of £309,000 for redundancy payments. Thus, leaving a net profit before tax of £1,870,000 compared with £3,054,000 in 1979.

Dividend

Your directors are recommending payment of a final dividend of 3.45p per share making a total for the year of 5.1p per share which represents an increase of 0.4415p.

Prospects

It seems to become more difficult each year to forecast the results for the current year. The continuing high cost of money, together with the still relatively high inflation rate, is bound to create difficulties. We are, however, a soundly based Group and market leaders with many of our products and I believe that we shall start to reap the benefits of the capital expenditure we have incurred over the last two years, particularly in the Hardware company and in research and development when the economy recovers.

Our confidence in the future is expressed in the Board's decision to recommend the payment of an increased final dividend as forecast in the rights issue document.

Management structure

Following the restructuring of the Group last year we have formed an Executive Board which reports directly to the Main Board. The members are the Executive Main Board directors plus Mr. J. B. M. Urry and Mr. R. C. Young both of whom are directors of the Econa sub-group.

Mr. H. Raymond Scott resigned from the Main Board during the year, having reached retirement age. Mr. Scott was Chairman of Econa Limited and he has made a valuable contribution to the Newman-Tonks Group during the past two years and we wish him a long and happy retirement.

It has been a difficult year but I would like to say how much the directors appreciate the contribution made by all of our employees.

Michael L. B. Wright
Chairman

4th November 1980

Directors and Officers

President

H. Norman Wright

Directors

Michael H. Wright

Chairman

Edward T. Barnes

Managing Director

Graham W. A. Bickers

William E. Clarkson

Timothy C. Frankland

Douglas E. Rogers

James F. Williams

Secretary

Bryan R. Lewis

Auditors

Deloitte Haskins & Sells

Chartered Accountants

Solicitors

Wragge & Co.

Principal Bankers

Barclays Bank Limited

Midland Bank Limited

National Westminster Bank Limited

Registered Office

Hospital Street

Birmingham B19 2YG

Registrar's Office

Hill Samuel Registrars Limited

6 Greencoat Place

London SW1P 1PL

Directors' Report

The directors have pleasure in presenting the audited accounts for the year ended 31st July 1980.

Activities

The Group is concerned with the manufacture and supply of a wide range of products, materials and services to the engineering, building and other industries.

As a result of the restructuring of the Group on 1st August 1979, the trade of the Holding Company was transferred to two subsidiaries, Newman-Tonks Engineering Limited and Newman-Tonks Hardware Limited.

Associated companies

Newpeer Aluminium Limited (1979 a subsidiary company) ceased to trade on 12th March 1980. The Group's share of the trading loss to date of cessation and of the closure costs has been written off in these accounts.

William Newman & Sons (Australia) Holdings Proprietary Limited was liquidated during the year at a small surplus.

Subsidiary companies

At an Extraordinary General Meeting held on 30th November 1979, shareholders approved the sale of Decorettes Limited and its two subsidiaries with effect from 1st August 1979.

During the year two small Australian subsidiaries, Newman-Tonks (Plumbing) Pty. Limited and P. & W. Plumbing Supplies Pty. Limited, were liquidated. The surplus arising on sale and liquidation has been credited to profits.

Profit

The Group Profit and Loss Account on page 9 shows the profit for the year attributable to shareholders after writing off the share of loss of Associated Company, Newpeer Aluminium Limited - £120,000; exceptional charge for redundancy and severance payments - £309,000 and Extraordinary Items of £779,000 (see note 6).

Dividend

An interim dividend of £309,745 (1.65p per share) has been paid during the year and the directors recommend the payment of a final dividend of £647,649 (3.45p per share).

Employees

The average number of employees of the Group in the United Kingdom during the year was 2,265 and their aggregate remuneration amounted to £9,903,463.

Exports

The value of goods exported from the United Kingdom by the Group during the year was £2,117,244 (1979: £2,571,653).

Share capital and premium

The increases in share capital £938,622 and share premium £1,102,734 arise from the rights issue of 3,754,488 ordinary shares of 25p each.

Fixed assets

Details of changes in the fixed assets of the Group are shown in note 12.

Directors

The present directors of the Company, all of whom served throughout the year, and their interests in the shares of the Company are as follows:

	31st July 1980	1st August 1979
M. L. B. Wright	207,800	207,800
as trustee	150,891	60,175
E. T. Barnes	147,034	177,034
as trustee	85,716	85,716
G. W. A. Bickers	1,250	1,000
W. E. Clarkson	3,053	2,443
T. C. Frankland	500	400
D. E. Rogers	13,460	15,460
J. F. Williams	1,875	1,500

There have been no changes in the directors' interests in the shares of the Company between 31st July and 6th October 1980.

Mr. H. R. Scott retired on 31st March 1980.

Mr. W. E. Clarkson and Mr. D. E. Rogers retire by rotation and, being eligible, offer themselves for re-election. The unexpired period of their contracts for service with the Company is seven years.

None of the directors has, nor during the financial year had, a beneficial interest in any contract other than contracts for service to which the Company or any of its subsidiaries is, or was, a party.

Substantial holdings

Up to 6th October 1980, being one month prior to the date of the notice convening the Annual General Meeting, the Company had received no notification under the Companies Acts 1967 and 1976 of any beneficial interest in 5% or more of the issued share capital of the Company.

Charitable and political donations

Donations to U.K. charitable organisations amounted to £4,269 and to the Conservative Party £1,000.

Income and Corporation Taxes Act 1970

In the opinion of the directors, the Company is not a close company within the provisions of the Act.

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors of the Company will be put to the Annual General Meeting.

By order of the Board
Bryan R. Lewis
Secretary
4th November 1980

Report of the Auditors

To the Members of Newman-Tonks Group Limited

We have audited the accounts on pages 8 to 18 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 July 1980 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 and 1967.

Deloitte Haskins & Sells
DELOITTE HASKINS & SELLS
Chartered Accountants
Birmingham
4th November 1980

Accounting Policies

(a) Basis of accounting

The Group accounts have been prepared under the historical cost convention modified to include the revaluation of certain of the fixed assets of the Group.

(b) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiaries. The principal subsidiaries are listed on page 18.

The results of subsidiaries acquired are included in the consolidated profit and loss account from their effective dates of acquisition. Any difference between the consideration price of such acquisition and the net book value of the net tangible assets at the date of acquisition is dealt with through reserves. The results of subsidiaries disposed of are included in the consolidated profit and loss account up to the date of sale.

(c) Foreign currencies

Assets and liabilities expressed in currencies other than sterling and the operating results of overseas subsidiaries and associates are translated into sterling at year-end rates of exchange. Exchange fluctuations are included in the determination of the trading result for the year except those relating to the restatement, at the year end exchange rates, of opening balance sheets of overseas subsidiaries and associates.

(d) Turnover

Turnover represents the amount receivable, excluding value added tax, for goods and services supplied to and contracts completed for external customers of the Group.

(e) Research and development

Expenditure on research and development is charged in the profit and loss account in the year in which it is incurred.

(f) Stocks

- (i) Stocks have been valued at the lower of cost and estimated realisable value. Cost of finished goods and work-in-progress comprises materials, direct labour and an appropriate proportion of overhead expenses.
- (ii) Contracts in progress are individually valued at cost of materials, labour and direct expenses with the addition of so much of its anticipated margin (being overheads and attributable profits less foreseeable losses) as is considered appropriate, having regard to the progress and duration of the contract.

(g) Grants

Grants receivable in respect of fixed assets have been credited against the cost of those assets. Revenue based grants are credited to the profit and loss account.

(h) Depreciation

Depreciation is calculated to write off the cost/valuation of fixed assets in equal annual instalments generally at the following rates:

Freehold buildings	2%
Leasehold properties	Over the unexpired period of the lease
Plant and equipment	10% — 20%

No depreciation is charged on fixed assets acquired during the year other than motor vehicles.

(i) Bank balances

Bank balances are shown before charging cheques drawn prior to 31st July 1980 not cleared by the Group's bankers by that date.

The total of these unrepresented cheques is included in the accounts in creditors.

(j) Deferred taxation

Deferred taxation relating to capital allowances, stock appreciation relief and other timing differences is provided in the accounts only insofar as a liability is likely to arise in the foreseeable future. Where a provision is made, it is calculated at the current rate of tax in force at the balance sheet date.

Advance corporation tax paid and payable in respect of dividends is carried forward and set-off against corporation tax liabilities where such set-off is expected to be available, in other cases it is charged against the profit of the year.

Group Profit and Loss Account

for the year ended 31st July 1980

Notes	1980		1979
	£000	£000	£000
		<u>£37,338</u>	<u>£34,641</u>
	Turnover		
1	Trading profit	3,292	3,838
	Share of loss of associated company	120	—
		<u>3,172</u>	<u>3,838</u>
3	Interest	993	784
	Profit before exceptional charge	<u>2,179</u>	<u>3,054</u>
4	Exceptional charge	309	—
	Profit before taxation	<u>1,870</u>	<u>3,054</u>
5	Taxation	414	484
	Profit after taxation	<u>1,456</u>	<u>2,570</u>
	Attributable to minority interests	67	47
	Profit before extraordinary items	<u>1,389</u>	<u>2,523</u>
6	Extraordinary items	779	102
	Profit attributable to shareholders	<u>610</u>	<u>2,421</u>
7	Dividends		
	Interim paid	310	225
	Final proposed	<u>648</u>	<u>475</u>
		<u>958</u>	<u>700</u>
10	Transfer (from)/to reserves	<u>£(348)</u>	<u>£1,721</u>
8	Earnings per share	7.74p	16.87p
	Earnings per share (calculated on the basis of a notional charge for taxation at 52% of profit before taxation)	4.63p	9.49p

Newman-Tonks Group Limited and Subsidiaries

Group Balance Sheet

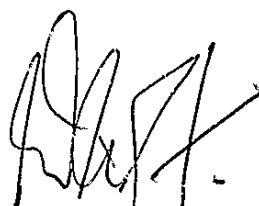

31st July 1980

Notes	1980		1979
	£000	£000	£000
9	Share capital	4,693	3,754
10	Reserves	9,499	9,319
	Minority interest	448	407
	Total capital and reserves	<u>£14,640</u>	<u>£13,477</u>
12	Fixed assets	6,632	7,087
13	Investment	—	48
14	Associated company	—	29
	Advance corporation tax recoverable	336	—
	Current assets		
16	Stocks	14,148	14,158
	Debtors	8,270	9,851
	Bank balances and cash	495	181
		<u>22,913</u>	<u>24,190</u>
	Less current liabilities		
	Creditors	7,251	9,017
17	Short term borrowings	4,217	5,891
	Taxation	548	547
	Proposed dividend	648	475
		<u>12,664</u>	<u>15,930</u>
		10,249	8,260
		<u>17,217</u>	<u>15,424</u>
17	Medium term borrowings	2,577	1,947
	Total net assets	<u>£14,640</u>	<u>£13,477</u>

Signed on behalf of the Board

Michael L. B. Wright
Edward T. Barnes

} Directors

Newman-Tonks Group Limited

Balance Sheet

31st July 1980

Notes	1980 £000	1979 £000
9 Share capital	4,693	3,754
10 Reserves	9,227	3,569
Total capital and reserves	£13,920	£12,323
12 Fixed assets	146	2,636
13 Investment	—	48
14 Associated company	—	4
15 Subsidiary companies	18,778	8,298
Advance corporation tax recoverable	336	—
Current assets		
16 Stocks	—	7,292
Debtors	2,813	3,705
Bank balances and cash	271	25
	3,084	11,012
Less current liabilities		
Creditors	1,741	3,247
17 Short term borrowings	3,255	4,296
Taxation	330	207
Proposed dividend	648	475
	5,974	8,225
	(2,890)	2,787
	16,370	13,773
17 Medium term borrowings	2,450	1,450
Total net assets	£13,920	£12,323

Signed on behalf of the Board

Michael L. B. Wright

Edward T. Barnes

} Directors

E. T. Barnes

Source and Application of Group Funds

for the year ended 31st July 1980

SOURCE OF FUNDS	1980		1979
	£000	£000	£000
Trading profit		1,870	3,054
Extraordinary items		(779)	(102)
		<u>1,091</u>	<u>2,952</u>
Items not involving the movement of funds			
Depreciation	553		665
Exchange differences	(19)		(33)
Provision against unlisted investment	48		—
Reserves eliminated in respect of disposal of subsidiaries	(540)		—
Pre-acquisition shares in Econa Ltd. now consolidated	—		144
		<u>42</u>	<u>776</u>
		<u>1,133</u>	<u>3,728</u>
Funds from other sources			
Proceeds of Rights Issue	2,042		—
Disposals of fixed assets	1,483		363
Medium term borrowings	630		682
Shares issued in part consideration for the acquisition of subsidiaries	—		3,061
		<u>4,155</u>	<u>4,106</u>
		<u>£5,288</u>	<u>£7,834</u>
APPLICATION OF FUNDS			
Dividends paid—Group		785	536
—Minority interests		12	39
Tax paid		749	425
Purchase of fixed assets		1,579	3,175
Premium on acquisition of subsidiaries		—	1,135
		<u>3,125</u>	<u>5,310</u>
Increase in working capital			
(Decrease)/Increase in stocks	(10)		6,512
(Decrease)/Increase in debtors	(1,581)		1,336
Decrease/(Increase) in creditors	1,766		(5,283)
Decrease/(Increase) in bank borrowings	1,988		(3,041)
		<u>2,163</u>	<u>2,524</u>
		<u>£5,288</u>	<u>£7,834</u>

1980 excludes Decorettes Limited and Newpeer Aluminium Limited whose assets and liabilities at the date of sale and closure were:

	£000
Fixed assets	1,335
Stocks	687
Debtors	1,293
Creditors	1,840
Bank borrowings	<u>787</u>

Cash received from the sale of Decorettes was £540,000

Notes on the Accounts

1 Trading profit	1980 £000	1979 £000
This is stated after charging:		
Depreciation of fixed assets	553	665
Plant hire	126	92
Directors' emoluments (fees £0,400: 1979 £8,600)	226	192
Pensions to former directors	22	20
Payment to retired director	10	—
Auditors' remuneration	70	56

2 Emoluments of directors and senior employees

The Chairman, who was also the highest paid director, received total emoluments in respect of the year of £40,548 (1979: £39,049).

Number of other directors receiving emoluments of:	1980	1979
Not more than £5,000	two	one
£ 5,001 to £10,000	—	one
£10,001 to £15,000	—	one
£20,001 to £25,000	one	three
£25,001 to £30,000	three	—
£30,001 to £35,000	—	one
£35,001 to £40,000	one	—
Number of senior employees receiving emoluments of:		
£20,001 to £25,000	two	three

3 Interest	1980 £000	1979 £000
Interest paid on bank loans and overdrafts	1,120	797
Interest received	(12)	(13)
Interest relief grant	(115)	—
	£993	£784

4 Exceptional charge

This comprises redundancy and severance payments

5 Taxation	1980 £000	1979 £000
United Kingdom corporation tax	342	(262)
Overseas taxation - subsidiaries	99	59
Advance corporation tax	(33)	649
Adjustments of taxation provisions	6	8
	£414	£484

United Kingdom corporation tax is reduced by approximately £644,000 (1979: £1,755,000) as a result of taxation relief for stock appreciation, accelerated capital allowances and other timing differences.

6 Extraordinary items	1980	1979
Closure costs of Newpeer Aluminium Limited	£000	£000
Group	74	—
Associated company	867	—
	941	—
Provision against unlisted investment	48	—
(Surplus)/Loss arising on sale and liquidations of associated and subsidiary companies	(210)	102
	<u>£779</u>	<u>£102</u>

7 Dividends

Interim paid 1.65p per share. Final proposed 3.45p per share. The gross equivalent of the dividends paid and proposed for 1980 amounts to 29.14% (1979: 26.62%)

8 Earnings per 25p share	1980	1979
Profit before extraordinary items	£1,389,147	£2,523,291
Weighted average shares in issue during the year	17,938,531	14,954,431
Earnings per 25p share	7.74p	16.87p

The 1979 figures have been restated following the Rights Issue in November 1979.

9 Share capital	1980	1979
Ordinary shares of 25p each	£000	£000
Authorised	£6,250	£5,000
Issued and fully paid	£4,693	£3,754
	25,000,000	20,000,000
	18,772,443	15,017,955

10 Reserves	Group	Holding company
Share premium	£000	£000
At 31st July 1979	3,270	3,270
On shares issued during the year	1,103	1,103
	4,373	4,373
Premium on acquisition of subsidiaries		
At 31st July 1979	(2,611)	—
Adjustment arising on sale of subsidiary	(100)	—
	(2,631)	—
Surplus on revaluation of properties		
At 31st July 1979	645	516
Adjustment arising on sale of subsidiary	(142)	—
	503	516
Group retained profits		
At 31st July 1979	8,015	4,783
Exchange conversions	21	—
Transfer to profit and loss account	(348)	(445)
Adjustment arising on disposal of associated and subsidiary companies	(434)	—
	<u>7,254</u>	<u>4,338</u>
	<u>£9,499</u>	<u>£9,227</u>
Group retained profits comprise:		
Holding company	4,338	
Subsidiaries	4,031	
Associated company	(1,115)	
	<u>£7,254</u>	

11 Capital expenditure

The aggregate amount of capital expenditure authorised by the directors at 31st July 1980 and not provided for in these accounts was £522,000 (1979: £348,000). Of this, contracts had been placed for £452,000 (1979: £193,000). There is a commitment to redevelop a leasehold property at a cost of not less than £100,000 which is currently under re-negotiation.

12 Fixed assets

	Freehold properties £000	Leasehold properties £000	Plant and machinery £000
Group			
Valuation/Cost at 31st July 1979	3,210	911	6,231
Exchange conversions	(1)	—	6
Additions	36	414	1,149
Grants receivable	—	—	(20)
Adjustment on disposal of companies	(574)	(10)	(1,022)
Disposals	(19)	—	(477)
	<u>2,652</u>	<u>1,315</u>	<u>5,867</u>
 Valuation/Cost at 31st July 1980 comprises:			
Assets at valuation — 1978	1,403	657	—
— 1979	935	181	—
Assets at cost	<u>314</u>	<u>477</u>	<u>5,867</u>
	<u>2,652</u>	<u>1,315</u>	<u>5,867</u>
 Depreciation at 31st July 1979	52	20	3,193
Exchange conversions	—	—	3
Charge for the year	38	18	497
Adjustment on disposal of companies	(15)	—	(256)
Disposals	(3)	—	(345)
	<u>72</u>	<u>38</u>	<u>3,092</u>
 Net book value at 31st July 1980	<u>£6,632</u>	<u>£2,580</u>	<u>£1,277</u>
			<u>£2,775</u>
The leasehold properties comprise:			
Long leases		£584	
Short leases		<u>£693</u>	
 Holding Company			
Valuation/Cost at 31st July 1979	1,008	671	2,686
Additions	—	—	33
Disposals	(19)	—	(58)
Transfers to subsidiaries	(987)	(662)	(2,361)
Cost at 31st July 1980	<u>2</u>	<u>9</u>	<u>300</u>
 Depreciation at 31st July 1979	19	18	1,692
Charge for the year	—	—	56
Disposals	(4)	—	(20)
Transfers to subsidiaries	(14)	(15)	(1,567)
	<u>1</u>	<u>3</u>	<u>161</u>
 Net book value at 31st July 1980	<u>£146</u>	<u>£1</u>	<u>£6</u>
			<u>£139</u>
The leasehold properties comprise:			
Long leases		£3	
Short leases		<u>£3</u>	

13 Investment

The unlisted investment comprises 3,460 ordinary shares of £1 each, representing 20.0% of the issued ordinary share capital in W. Langley & Co. Limited, a company incorporated in England. Full provision of £48,000 has been made against the cost of these shares.

The reserves of this company amounted to £110,049 at 31st July 1979, being the date of the last audited accounts.

14 Associated company	1980 £000	1979 £000
Newpeer Aluminium Limited (ceased trading 12th March 1980)		
Cost of shares (50,000 ordinary shares of £1 each being 50% of the issued share capital)	50	
Loans	1,065	
	1,115	
Group share of losses - trading	(120)	
- extraordinary	(867)	
- previously consolidated	(128)	
	<u>£ —</u>	<u>£ 29</u>

The associated company in 1979, William Newman & Sons (Australia) Holdings Proprietary Limited, was liquidated during the year at a surplus of £21,000.

15 Subsidiary companies	1980		1979	
	£000	£000	£000	£000
Shares at cost		8,487		11,191
Less Provision for losses of subsidiary companies		(372)		(1,031)
		8,115		10,160
Amounts due from subsidiaries	16,570		2,782	
Less Amounts due to subsidiaries	(5,907)		(4,644)	
		10,663		(1,862)
		<u>£18,778</u>		<u>£8,298</u>

The increase in investment in subsidiary companies reflects the change in Group structure effective from 1st August 1979.

The Company has guaranteed the bank borrowings of certain subsidiaries up to a maximum of £1,700,000 (1979: £1,853,000).

The principal trading subsidiaries are listed on page 18.

16 Stocks	Group		Holding company	
	1980 £000	1979 £000	1980 £000	1979 £000
The amount in respect of stocks comprises:				
Raw materials and stores	5,509	5,711	—	1,723
Work in progress and finished goods	8,150	7,786	—	5,559
Contracts in progress (after deducting payments on account of £2,032,726 (1979: £1,573,000))	489	661	—	—
	<u>£14,148</u>	<u>£14,158</u>	<u>£ —</u>	<u>£7,282</u>

Notes on the Accounts : 1979-80

17 Borrowings	Group		Holding company	
	1980 £000	1979 £000	1980 £000	1979 £000
Interest free loan	—	180	—	—
Bank loans and overdrafts:				
Secured	243	598	—	—
Unsecured	6,551	6,698	5,705	5,746
2% Redeemable Cumulative 'A' Preference shares in Newpeer Aluminium Limited held by that company's bankers	—	362	—	—
	<u>£6,794</u>	<u>£7,838</u>	<u>£5,705</u>	<u>£5,746</u>
Repayable:				
Within 1 year or on demand	4,217	5,891	3,255	4,296
Between 1 and 2 years	522	590	500	500
Between 2 and 5 years	1,967	1,177	1,950	950
After 5 years (repayable at varying amounts per annum until 1991)	88	180	—	—
	<u>£6,794</u>	<u>£7,838</u>	<u>£5,705</u>	<u>£5,746</u>

18 Deferred taxation

The potential liability for deferred taxation, if full provision had been made is as follows:

	Group		Holding company	
	1980 £000	1979 £000	1980 £000	1979 £000
Fixed assets and other timing differences	1,595	1,205	34	745
Stock appreciation relief	3,812	3,470	—	1,277
Surplus on revaluation of properties	269	269	—	—
	<u>5,676</u>	<u>4,944</u>	<u>34</u>	<u>2,022</u>
Less: Advance corporation tax recoverable against taxation liabilities of future years	863	649	863	527
	<u>£4,813</u>	<u>£4,295</u>	<u>£(829)</u>	<u>£1,495</u>

Principal Operating Subsidiaries

The following is a list of the principal operating subsidiaries of Newman-Tonks Group Limited at 31st July 1980 which reflects the current structure of the Group. Newman-Tonks Group Limited, either itself or through its subsidiaries, is the beneficial owner of all (or such lesser percentage as is shown) of the equity share capital. Unless otherwise stated all the companies are incorporated in and operate in Great Britain.

United Kingdom subsidiaries

Newman-Tonks Limited

- Newman-Tonks Engineering Limited
- Newman-Tonks Hardware Limited
- Auto Pressings (Leicester) Limited
- Robot Automation Limited
- Stanmore Springs Limited
- Stanmore Springs (Leeds) Limited
- Victor Walker (Hardware) Limited
- Rothley Brass Limited

Econa Limited

- Econa (Bilston) Limited
- Econa Castings Limited
- Econa Parkamatic Limited
- Econa (Products) Limited
- B.H.S. Building Products Limited
- Hudson Edmunds & Co. Limited
- Powell-Piggott Limited
- Radway Plastics Limited
- The Nottingham Thermometer Company Limited
- J. S. Wright & Co. Limited

Overseas subsidiaries

Newman-Tonks Proprietary Limited	<i>Australia - 51% owned</i>
Newman-Tonks (S.A.) (Proprietary) Limited	<i>South Africa - 51% owned</i>
Newman-Tonks AG	<i>Switzerland</i>
Stanmore Springs (Hamburg) GmbH	<i>Germany - 85% owned</i>

Five Years' Results

	1980 £000	1979 £000	1978 £000	1977 £000	1976 £000
Turnover	37,338	34,641	22,349	20,062	16,357
Profits					
Group profit before taxation	*1,870	3,054	1,812	1,725	1,031
Taxation	414	484	546	360	389
Net profit after taxation	1,456	2,570	1,266	1,365	642
Dividends					
On ordinary shares	958	700	400	358	321
Rate (Gross equivalent)	29.14%	26.62%	24.20%	22.00%	20.00%
†Earnings per 25p share	7.74p	16.87p	12.24p	12.64p	5.46p
†Earnings per 25p share (calculated on the basis of a notional charge for taxation at 52% of profit before taxation)	4.63p	9.49p	8.37p	7.42p	4.02p
Net assets					
Fixed assets	6,632	7,087	5,091	3,741	2,818
Investments	—	48	192	293	224
Associated company	—	29	29	9	11
Advance corporation tax recoverable	336	—	197	144	136
Net current assets	10,249	8,260	5,762	5,492	4,672
	<u>£17,217</u>	<u>£15,424</u>	<u>£11,271</u>	<u>£9,679</u>	<u>£7,861</u>
Capital employed					
Issued capital	4,693	3,754	2,467	2,467	2,467
Reserves	9,499	9,319	7,096	5,439	5,012
Minority interest	448	404	443	461	382
Medium term borrowings	2,577	1,947	1,265	1,312	—
	<u>£17,217</u>	<u>£15,424</u>	<u>£11,271</u>	<u>£9,679</u>	<u>£7,861</u>

*The 1980 figure is after an exceptional charge of £309,000.

†Restated following the Rights Issue in November 1979.

Financial Calendar

Announcement of Results	for the half-year	March
	for the full year	October
Dividend payments	Interim	May
	Final	December
Annual General Meeting		November