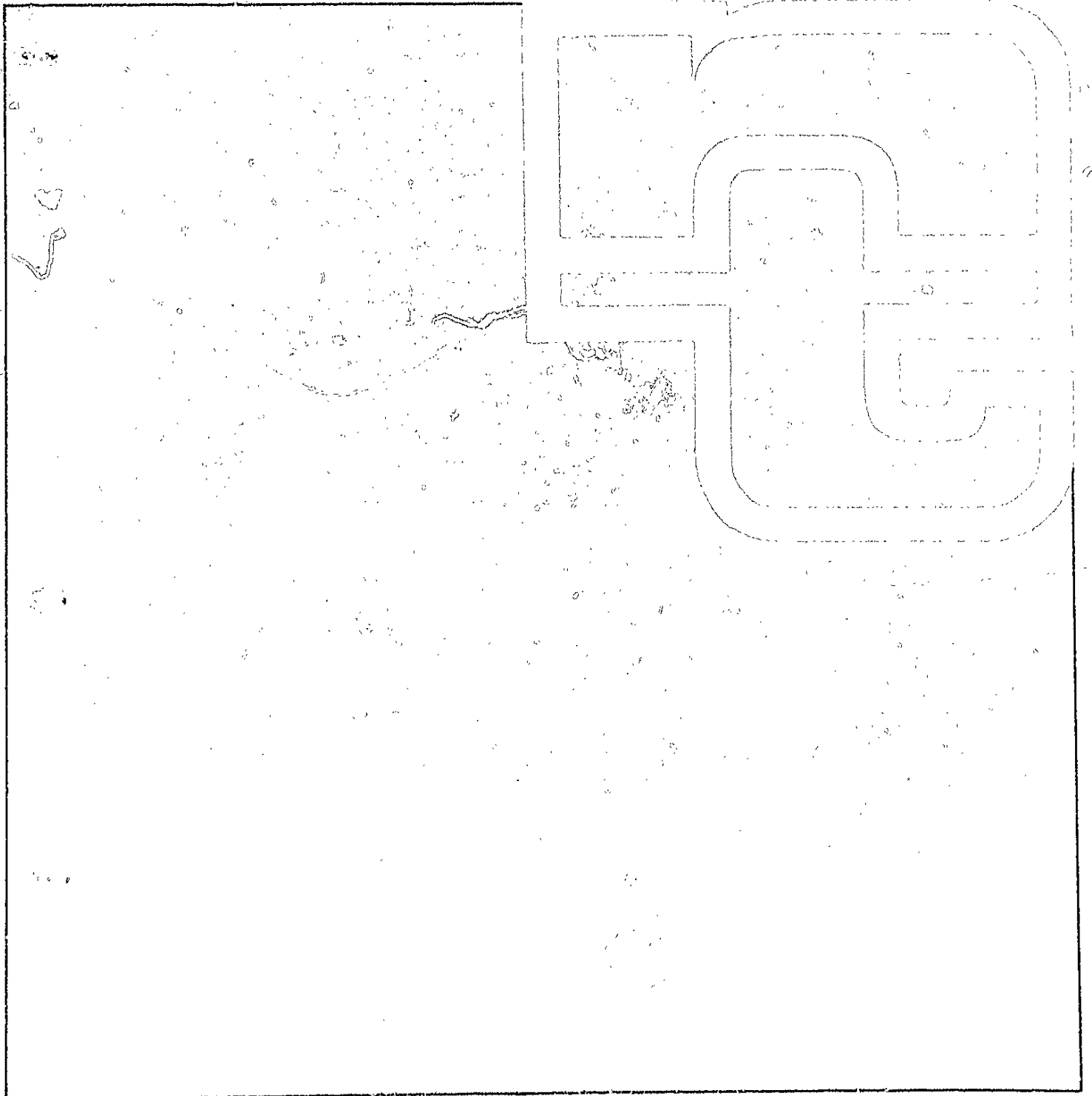


Report and Accounts



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Notice of Meeting

Notice is hereby given that the eighty-sixth Annual General Meeting of the Company will be held at the Midland Hotel, Birmingham on Tuesday, 25th November, 1975 at 12 noon to transact the following business:

- 1 To receive the Directors' Report & Accounts for the year ended 31st July 1975.
- 2 To declare a dividend.
- 3 To elect a director.
- 4 To authorise the directors to fix the remuneration of the Auditors.
- 5 To transact any other ordinary business.

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

Registered Office
Hospital Street
Birmingham B19 2YG

Dated 31st October 1975
By order of the Board
William E. Clarkson
Secretary

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 11th December 1975.
- 3 Finance Act 1965. The Company is not a close company under the provisions of this Act. The 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.

Newman-Tonks Limited

Directors and Officers

48

President

H. Norman Wright

Directors

Michael L. B. Wright

Chairman

Edward T. Barnes

Managing Director

Herbert C. Shead

Kenneth J. d'A. Mason

William E. Clarkson

Michael C. A. S. Stokes

Secretary

William E. Clarkson

Auditors

Deloitte & Co.

Chartered Accountants

Solicitors

Wragge & Co.

Bankers

Barclays Bank Limited

National Westminster Bank Limited

Midland Bank Limited

Registered Office

Hospital Street

Birmingham B19 2YG

Registrars' Office

Hill Samuel Registrars Limited

6 Greencoat Place

London SW1P 1PL

Chairman's Statement

9

Shareholders will be aware of the difficulties which have confronted industry in the year under review and, in particular, the building industry. Continuing inflationary pressures, combined with the restrictive penalties of the Price Code, have, inevitably, resulted in profit erosion which could not be totally offset by higher operating efficiency.

Nevertheless, I am pleased to announce that with the co-operation of management and employees, the group has been able to achieve a group profit of £1,500,000 which justifies your directors in recommending a final dividend of 2.25854p per share, making a total for the year of 2.95854p per share, the maximum permitted by present legislation.

During the year, we have acquired several small companies, namely:

- Architectural Hardware Limited, Leamington Spa
- Auto Pressings (Leicester) Limited, Leicester
- Automatic Doors Limited, Isleworth
- J. Crowther (Royton) Limited, Olkham

The profit contribution from these companies is not significant in the group total. Reorganisation has already taken place in three of the companies and they should make a useful contribution in 1976.

We are constantly looking for further suitable acquisitions and are conscious of the fact that we are, at the moment, largely committed to the building industry and must have more diversification to broaden the base of the group.

We have recently signed an agreement with Vereinigte Baubeschlagfabriken Gretsch & Co. GmbH, Stuttgart, who market their products under the trade name of GEZE. This company is one of the leading European manufacturers of door closing devices, pivoting windows and sliding door gear and the agreement embraces the distribution of certain of our product lines in selected markets in Europe, where GEZE are already well-established, together with the exchange of technical information and joint research and development. This is a further step in our determined effort to develop our export trade in Europe.

We have also appointed a senior executive in South East Asia to administer and expand our existing substantial business in that area. Our Australian and South African subsidiaries both had a satisfactory year, despite the prevailing difficult trading conditions and they made a useful contribution to the group profits.

The prospects for the current financial year are, of course, dependent upon the general state of the economy, both at home and abroad. We are a strong group and an important supplier to the architectural and builders' hardware industry and I am confident that we are well placed to take full advantage of any upturn in trade when this occurs.

During the year, Mr. A. C. Wigley, Managing Director of the Engineering Division died at the age of 54 years. Alan Wigley had been with the Company for 27 years and joined the Main Board last year. His expertise and personality will be sadly missed by his colleagues. A new Managing Director of this division has since been appointed who has a wide experience in our industry.

At the last Annual General Meeting, Mr. H. C. Shead retired as Group Chairman and your Board appointed me as his successor. He completed 51 years of service with the Group and was responsible for the development of many successful products. I am pleased to say that we shall still have the benefit of his wide knowledge of the trade, as he has agreed to remain on the Board as a non-executive director.

In conclusion, I should like to thank all our employees for their efforts and co-operation during what has been a very difficult year.

Michael L. B. Wright
Chairman
21st October, 1975

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Newman-Tonks Limited

10 Directors' Report

The directors have pleasure in presenting the Audited Accounts for the year ended 31st July 1975.

Profits and Dividends

The profit of the Group for the year before taxation, including the Group's share of its associated company's profit was £1,507,518. Taxation amounts to £822,626 leaving a net profit after taxation of £684,892.

An interim dividend of £68,845 (.70p net per share) has been paid during the year and the directors recommend the payment of a final dividend of £222,912 (2.25854p net per share). The dividends paid and proposed are the maximum permitted under current legislation.

The retained profit of £359,399 is added to the reserves of the Group.

Activities

The Company and its subsidiaries, are concerned with the manufacture of architectural and builders' hardware, non-ferrous tube and extrusions and components for a wide range of trades. During the year the Group acquired for cash the whole of the issued share capitals of Automatic Doors Limited, Architectural Hardware Limited and its subsidiary companies, and J. Crowther (Royton) Limited.

On 1st August 1974 a subsidiary company, E. Holden & Co. (Birmingham) Limited ceased trading. The assets and undertakings of its Oldham factory were transferred to a new subsidiary company, N. T. (Oldham) Limited and those of its Birmingham factory were incorporated in the Hardware Division of Newman-Tonks Limited.

Employees

The average number of employees of the Group in the United Kingdom during the year was 1,993 and their aggregate remuneration amounted to £4,062,485.

Exports

The value of goods exported by the Group during the year was £1,146,922.

Charitable and Political Donations

Donations to United Kingdom charitable organisations amounted to £608 and to the Conservative Party £275.

Income and Corporation Taxes Act 1970

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

Directors

The present directors of the Company are listed below. Mr. William E. Clarkson and Mr. Michael C. A. S. Stokes were appointed on 18th October 1974. Mr. Alan C. Wigley, who was appointed on 18th October 1974, died on 14th May 1975. Mr. William E. Hands retired on 25th November 1974.

Mr. Michael L. B. Wright retires by rotation and being eligible offers himself for re-election.

The directors had interests in the shares of the Company as follows: —

	31st July 1975	Ordinary Shares of 25p each 1st August 1974 or at date of appointment
M.L.B. Wright	207,800	214,800
as trustee	57,175	52,050
E.T. Barnes	182,034	185,616
as trustee	95,792	58,792
H.C. Shead	123,850	123,850
as trustee	85,716	48,716
K. J. d'A. Mason	39,684	39,682
as trustee	417,128	417,128
W. E. Clarkson	2,443	800
M. C. A. S. Stokes	1,955	1,920

There have been no changes in the directors' interests in the shares of the Company between 31st July and 20th October 1975, other than the transfer of 58,000 shares from a trust of which Mr. K. J. d'A. Mason is a Trustee. None of the directors has, nor during the financial year had, a beneficial interest in any contract to which the Company or any of its subsidiaries is or was a party.

Share Capital

During the year 34,722 ordinary shares of 25p each (nominal value £8,680) were issued as fully paid to shareholders who elected to receive shares in lieu of cash in respect of the interim dividend. Under the terms of the issue the shares were valued at 38p per share.

Substantial Holdings

So far as is known, no shareholder whether a company or individual has any beneficial interest in 10% or more of the share capital of the Company.

Auditors

Messrs. Deloitte & Co. will continue in office under the provisions of the Companies Act 1948.

By order of the Board

William E. Clarkson
Secretary

20th October 1975

Newman-Tonks Limited and Subsidiaries

Group Profit and Loss Account

for the year ended 31st July 1975

Notes	1975 £	1974 £
3		
Trading profit	1,482,377	1,885,234
Share of profit of associated company	4,328	7,156
4		
Other income	20,813	24,168
Profit before taxation	1,507,518	1,916,558
5		
Taxation	822,626	1,011,598
Profit after taxation	684,892	904,959
Attributable to outside shareholders	66,549	53,888
	618,343	851,071
6		
Extraordinary items	32,813	(140,000)
Profit attributable to shareholders	651,156	711,071
7		
Dividends		
Interim paid	68,845	68,845
Final proposed	222,912	203,588
	291,757	272,433
Retained profit for the year	359,399	438,638
Retained profit from last year	2,762,774	2,324,000
Retained profit of the Group		
Newman-Tonks Limited	2,571,406	2,260,860
Subsidiary companies	546,305	500,022
Associated company	4,462	1,892
	£3,122,173	£2,762,774
8		
Earnings per 25p ordinary share	6.28p	8.65p

Newman-Tonks Limited and Subsidiaries

Group Balance Sheet

31st July 1975

13

Notes	1975	1974	
	£	£	£
9	Share capital	2,467,430	2,458,750
10	Reserves	3,202,420	2,930,382
	Minority interest	283,428	209,541
	Total capital and reserves	<u>£5,953,278</u>	<u>£5,598,673</u>
11	Fixed assets	2,401,878	2,381,505
12	Investments	224,215	341,262
13	Associated company	9,134	7,138
14	Current assets		
	Stocks	5,971,292	4,647,171
	Debtors	3,016,788	3,691,965
	Bank balances and cash	73,045	76,146
		<u>9,061,125</u>	<u>8,415,282</u>
	Less Current liabilities		
	Creditors	2,257,287	3,171,812
	Bank overdraft	1,240,524	606,754
	Taxation	443,160	1,297,071
	Proposed dividend	222,912	203,588
		<u>4,163,883</u>	<u>5,279,225</u>
		<u>4,897,242</u>	<u>3,136,057</u>
		7,532,469	5,863,962
15	Less Deferred taxation	1,579,191	267,289
	Total net assets	<u>£5,953,278</u>	<u>£5,598,673</u>

Signed on behalf of the Board

Michael L.B. Wright
Edward T. Barnes

Directors

Newman-Tonks Limited

Balance Sheet

31st July 1975

14

Notes	1975 £	1974 £
9 Share capital	2,467,430	2,458,780
10 Reserves	4,071,944	3,754,315
Total capital and reserves	<u>£6,539,374</u>	<u>£6,213,095</u>
11 Fixed assets	1,707,917	1,640,557
12 Investments	223,246	340,293
13 Associated company	9,134	7,138
16 Subsidiary companies	2,711,294	2,279,285
Current assets		
14 Stocks	4,074,425	3,237,258
Debtors	1,724,319	2,282,164
Cash	4,232	5,382
	<u>5,802,976</u>	<u>5,504,804</u>
Less Current liabilities		
Creditors	1,412,703	2,104,688
Bank overdraft	967,703	189,809
Taxation	352,379	1,039,380
Proposed dividend	222,912	203,588
	<u>2,955,697</u>	<u>3,537,465</u>
	2,847,279	1,967,341
	<u>7,498,870</u>	<u>6,234,654</u>
15 Less Deferred taxation	959,496	21,559
Total net assets	<u>£6,539,374</u>	<u>£6,213,095</u>

Signed on behalf of the Board

Michael L. B. Wright
Edward T. Barnes

Directors

Newman-Tonks Limited and Subsidiaries

Notes on the Accounts

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1 Accounting policies

For companies acquired during the year the Consolidated profit and loss account includes the results from the date of their acquisition.

The value of assets and liabilities in currencies other than sterling have been converted at rates ruling on 31st July 1975.

Other accounting policies are incorporated in the following notes.

2 Turnover

The turnover of the Group was £15,199,909 (1974: £15,071,012) being the amount receivable (excluding VAT) for goods and services supplied to external customers.

3 Trading profit

	1975 £	1974 £
This is stated after charging:		
Depreciation of fixed assets	210,804	167,711
Plant hire	15,794	16,489
Directors' emoluments (fees nil)	92,992	75,872
Directors' Pensions	4,281	4,600
Auditors' remuneration	13,000	8,000
Bank interest	180,953	160,502

Depreciation has been provided at annual rates estimated to write off the fixed assets in equal annual instalments over their anticipated working life. No depreciation has been charged on fixed assets acquired during the year other than motor vehicles.

Mr. M. L. B. Wright, the highest paid director, received total emoluments during the year of £23,833, including £15,788 as Chairman.

Mr. H. C. Shead, the previous Chairman, received £8,875 in his capacity as Chairman (1974: £23,897).

Number of other directors receiving emoluments of:

Not more than £2,500	one	two
£ 2,501 to £ 5,000	one	—
£ 5,001 to £ 7,500	one	—
£10,001 to £12,500	two	—
£20,001 to £22,500	—	two
£22,501 to £25,000	one	—

Emoluments of employees:

£10,001 to £12,500	one	—
£12,501 to £15,000	—	five
£15,001 to £17,500	one	one

4 Other income

	1975 £	1974 £
Quoted Investments	20,813	9,842
Loan interest	—	14,320
	<u>£20,813</u>	<u>£24,162</u>

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5 Taxation

	1975 £	1974 £
Based on the profit for the year —		
Corporation tax at 52%	356,000	883,000
Transfer to deferred taxation account	372,000	28,200
Overseas tax	82,755	97,880
Associated company	1,758	3,631
	<u>812,513</u>	<u>1,012,711</u>
Adjustments relating to previous years	10,113	(1,253)
	<u>£822,626</u>	<u>£1,011,599</u>

6 Extraordinary items

	1975 £	1974 £
Surplus on sale of freehold property	70,503	-
Provision against loan to Automatic Doors Limited no longer required	50,000	-
Loss on sale of quoted investment	(87,690)	(140,000)
	<u>£32,813</u>	<u>£(140,000)</u>

7 Dividends

Interim paid 0.70p per share
Final proposed 2.25854p per share
The gross equivalent of the dividends paid and
proposed for 1975 amounts to 18.19125% (1974: 16.5375%)

8 Earnings per 25p ordinary share

1975	1974
6.28p	8.65p

The calculation of earnings per share is based on earnings of £618,343 being the consolidated net profit after tax but before the extraordinary items (1974: £851,071) and 9,845,559 ordinary shares being the average number in issue during the year (1974: 9,835,000).

9 Share capital

	Number	£
Ordinary shares of 25p each		
Authorised	12,000,000	£3,000,000
Issued and fully paid		
At 31st July 1974	9,835,000	2,458,750
Issued during the year in lieu of interim dividend	34,722	8,680
	<u>9,869,722</u>	<u>£2,467,430</u>

17 10 Reserves

	Group	Holding Company
	£	£
Capital		
Share premium at 31st July 1974	1,491,563	1,491,563
Arising on issue of shares in lieu of interim dividend	4,513	4,513
	1,496,076	1,496,076
Goodwill on consolidation at 31st July 1974	(1,362,183)	
Arising on acquisitions during the year	(84,958)	
	(1,447,141)	
	48,935	
	35,000	
Stock Reserve		
Retained profits		
Group	3,117,712	2,571,406
Associated company	4,462	4,462
Exchange differences	(3,689)	
	£3,202,420	£4,071,944

11 Fixed assets

	Freehold properties	Leasehold properties	Plant and machinery
	£	£	£
Group			
Cost at 31st July 1974	1,336,546	411,987	2,308,539
Acquisition of subsidiaries	26,412	6,084	193,970
Additions	5,696	1,323	174,884
Disposals	(53,535)	-	(91,863)
	1,315,119	419,394	2,585,390
Depreciation at 31st July 1974	214,679	90,529	1,370,219
Acquisition of subsidiaries	6,304	354	84,482
Charge for the year	22,376	9,638	178,790
Disposals	(21,539)	-	(37,807)
	221,820	100,521	1,595,684
Net book value at 31st July 1975	£2,401,878	1,093,299	318,873
The leasehold properties comprise:			
Long leases		£184,124	
Short leases		£134,749	
Holding company			
Cost at 31st July 1974	863,698	411,987	1,678,850
Additions	138,180	1,323	167,184
Disposals	(53,535)	-	(63,625)
	948,343	413,310	1,782,409
Depreciation at 31st July 1974	164,433	90,529	1,058,976
Charge for the year	22,221	9,594	136,553
Disposals	(21,539)	-	(24,622)
	165,115	100,123	1,170,907
Net book value at 31st July 1975	£1,707,917	783,228	313,187
The leasehold properties comprise:			
Long leases		£184,124	
Short leases		£129,663	

12 Investments

	Group		Holding Company	
	1975	1974	1975	1974
	£	£	£	£
Quoted at cost	224,215	416,591	223,246	415,622
Less Provision	—	140,000	—	140,000
Loan	224,215	276,591	223,246	275,622
	—	64,671	—	64,671
	<u>£224,215</u>	<u>£341,262</u>	<u>£223,246</u>	<u>£340,293</u>
Market value of quoted investments	£199,573	£276,591	£199,634	£276,591

The quoted investments include a holding in a company incorporated in Great Britain which is in excess of 10% of that company's issued equity share capital:-

R. Cartwright (Holdings) Limited

	Shares Issued	Shares Held	Book Value
Ordinary shares of 10p each	2,946,710	714,992	£221,224

13 Associated company

	1975	1974
	£	£
William Newman & Sons (Australia) Holdings Proprietary Limited		
2,500 Ordinary shares of A\$2 each at cost	2,000	2,000
(50% of issued equity share capital)		
Group share of retained profits	4,462	1,892
Loan from group company	2,672	3,246
	<u>£9,134</u>	<u>£7,138</u>

14 Stocks

Stocks continue to be valued at the lower of cost and estimated realisable value. Works overheads applicable to work-in-progress and finished products are included in the valuation.

15 Deferred taxation

	Group	Holding Company
	£	£
Corporation tax payable 1st August 1976 or later	287,650	—
The excess of tax allowances on plant and machinery over the equivalent charges for depreciation provided in the accounts, at 52%	289,300	179,000
Tax deferred in respect of stock relief	1,122,541	900,796
	1,699,491	1,079,796
Less Advance Corporation tax recoverable	120,300	120,300
	<u>£1,579,191</u>	<u>£959,496</u>

Tax deferred in respect of stock relief is based on increases in stock values between 1st August 1972 and 31st July 1975 and assumes that future taxation legislation will provide for the continuation of stock relief on bases similar to the provisions operative for accounting periods ended on or before 31st March 1975.

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16 Subsidiary Companies

	1975	1974
	£	£
Shares at cost	4,644,143	4,276,023
Amounts due from subsidiaries	774,161	523,870
Less Amounts due to subsidiaries	2,707,010	2,523,608
	(1,932,849)	(1,996,738)
	<u>£2,711,294</u>	<u>£2,279,285</u>

The company has guaranteed the solvency of its U.K. subsidiaries.

The principal trading subsidiaries are as follows:—

	Proportion of Equity held by Holding Company	Subsidiaries
	%	%
<i>Incorporated in Great Britain</i>		
Architectural Hardware Limited	100	
Auto Pressings (Leicester) Limited	20	80
Automatic Doors Limited	100	
J. Crowther (Royton) Limited	100	
Hudson, Edmunds & Company Limited	100	
N. T. Locks Limited	100	
N. T. (Oldham) Limited	100	
Stanmore Springs Limited	100	
Stanmore Springs (Leeds) Limited		100
Victor Walker (Hardware) Limited	100	
<i>Incorporated in Germany</i>		
Stanmore Springs (Hamburg) GmbH		85
<i>Incorporated in Australia</i>		
Newman-Tonks Proprietary Limited	51	
<i>Incorporated in New Zealand</i>		
William Newman & Sons (N.Z.) Limited	51	
<i>Incorporated in Canada</i>		
Newman-Tonks (Canada) Limited	100	
<i>Incorporated in South Africa</i>		
Newman-Tonks (S.A.) (Proprietary) Limited	51	

17 Capital expenditure

The aggregate amount of capital expenditure authorised by the directors at 31st July 1975 and not provided for in these accounts was £89,000 (1974: £140,500). Of this, contracts had been placed for £50,000 (1974: £52,000).

Under the terms of:

(a) a building agreement, the company is required to complete the second storey of one of its premises not later than 8th April 1978.

(b) a vending agreement, the company is required to purchase the freehold of a factory for £60,000 by 30th April 1978.

Newman-Tonks Limited

Report of the Auditors

To the Members of Newman-Tonks Limited

In our opinion, based on our examination and on the report of the auditors of certain subsidiaries not audited by us, the Accounts set out on pages 6 to 13

- i) Give, so far as concerns the members of Newman-Tonks Limited, a true and fair view of the state of affairs at 31st July 1975, and of the profit, and source and application of funds stated on page 16, for the year ended on that date, and,
- ii) Comply with the Companies Acts 1948 and 1967.

DELOITTE & CO.
Chartered Accountants
Birmingham
20th October 1975

Geographical Analysis

	Turnover		Trading Profits	
	1975	1974	1975	1974
	%	%	%	%
Africa	3.4	3.1	6.6	4.6
Australasia	4.9	4.6	8.2	5.8
UK Companies	90.8	90.7	85.5	88.6
North America	0.9	1.6	(0.3)	0.8
	100.0	100.0	100.0	100.

Newman-Tonks Limited and Subsidiaries

Progress over Five Years

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	1975 £000	1974 £000	1973 £000	1972 £000	1971 £000
Profits					
Group profit before taxation	1,508	1,917	1,510	1,050	907
Taxation	823	1,012	636	415	300
Net profit after taxation	685	905	874	635	607
Dividends					
On ordinary shares	292	272	271	359	335
Rate-adjusted for scrip issue (Gross)	18.19%	16.54%	15.75%	15.00%	14.00%
Net assets					
Fixed assets	2,402	2,382	2,423	2,160	2,177
Investments	224	341	71	71	71
Associated company	9	7	9	8	9
Net current assets	4,897	3,136	2,906	2,775	2,382
	<u>7,532</u>	<u>5,866</u>	<u>5,409</u>	<u>5,014</u>	<u>4,639</u>
Capital employed					
Issued capital	2,467	2,459	1,229	1,195	1,195
Reserves	3,202	2,930	3,757	3,228	2,947
Deferred taxation	1,579	267	276	480	391
Minority interest	284	210	147	111	106
	<u>7,532</u>	<u>5,866</u>	<u>5,409</u>	<u>5,014</u>	<u>4,639</u>

Source and Application of Funds

SOURCE OF FUNDS	1975	1974
	£	£
Retained profit for the year		359,399
Adjustments for items not involving the movement of funds:		
Increase in minority interests	73,887	62,994
Provision for diminution in value of quoted investments	—	140,000
Depreciation	210,804	167,711
Increase in deferred taxation	1,311,902	(8,320)
		<u>362,385</u>
Total generated from operations		1,955,992
Funds from other sources:		
Disposals of fixed assets and quoted investments	203,099	22,701
Exchange differences and Associated Company	(8,912)	(19,286)
Shares issued in lieu of interim dividend (including premium)	13,193	—
		<u>3,415</u>
		<u>£2,163,372</u>
APPLICATION OF FUNDS		
Expenditure on fixed assets	317,229	149,196
Expenditure on investments	—	409,844
Premiums on acquisition of subsidiaries	84,958	14,971
Current assets		
Increase in stocks	1,324,121	1,125,156
Decrease in debtors	(675,177)	808,000
	<u>648,944</u>	<u>1,933,171</u>
Current liabilities		
Decrease in creditors	914,525	(1,366,818)
Decrease in current taxation	853,911	(436,106)
Increase in dividend	(19,324)	(1,356)
Increase in bank borrowings	(636,871)	101,536
	<u>1,112,241</u>	<u>(1,702,744)</u>
		<u>230,427</u>
		<u>£2,163,372</u>
		<u>£2,163,372</u>