

NEWELL DUNFORD LIMITED
GROUP
REPORT AND ACCOUNTS
1982

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NEWELL DUNFORD LIMITED
REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 30th September 1982.

Group reorganisation

On 1st October 1981 the company, along with other Lonrho Plc group companies, was involved in an internal reorganisation. Accordingly the company's shares were acquired by Firststeel Hadfields Limited at net asset value from Firststeel Manufacturing Limited and the company's name was changed from The Tinsley Rolling Mills Company Limited.

Results

The profit for the year attributable to shareholders was £566,329. The directors do not recommend payment of a dividend and the balance of £566,329 will be transferred to reserves.

Principal activities

As a result of the group reorganisation mentioned above, the company became, from 1st October 1981, the holding company for the Process Plant Division of Firststeel Hadfields Limited. The operating subsidiary companies of the group and their activities and products are set out on page 14.

Fixed assets

The movements in fixed assets during the year are shown in note 9.

Directors

The directors during the year were:

V. J. Smith	- Chairman appointed 1st October 1981
G. H. Craine	- Appointed 1st October 1981
J. T. Fitton	- Appointed 1st October 1981
W. H. Frew	- Resigned 1st October 1981
M. R. Lindsay	- Resigned 1st October 1981
D. A. Norton	- Appointed 1st October 1981
R. Procter	- Appointed 1st October 1981
D. J. Taft	- Appointed 2nd August 1982

Directors' interests

Mr. V. J. Smith and Mr. D. A. Norton are directors of the company's immediate holding company, Firststeel Hadfields Limited, and their share interests are shown in the directors' report of that company.

The other directors who held office at 30th September 1982 had the following interests in the shares of Lonrho Plc group companies:

	<u>Ordinary shares in Lonrho Plc</u>			
	<u>30th September 1982</u>		<u>1st October 1981</u>	
	<u>Fully paid</u>	<u>Option</u>	<u>or date of appointment</u>	
Mr. G. H. Craine	-	1,000	<u>Fully paid</u>	<u>Option</u>
Dr. J. T. Fitton	-	1,000	-	-
Mr. R. Procter	-	2,500	-	-
Mr. D. J. Taft	130	-	-	1,000
			130	-

NEWELL DUNFORD LIMITED
REPORT OF THE DIRECTORS
(continued)

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Peat, Marwick, Mitchell & Co. as auditors to the company will be put to the annual general meeting.

By order of the board

RICHARD A. BROWN

Secretary

Richard A. Brown

Newell Dunford House,
Portsmouth Road,
Surbiton,
Surrey
KT6 5QF

12th January 1983

REPORT OF THE AUDITORS TO THE MEMBERS OF
NEWELL DUNFORD LIMITED

We have audited the accounts on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared in accordance with the accounting policies set out on page 8, give a true and fair view of the state of affairs of the company and of the group at 30th September 1982 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 to 1981.

Peat Marwick Mitchell & Co.
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Sheffield
12th January 1983

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER 1982

	<u>Note</u>	<u>1982</u> £	<u>1981</u> £
Turnover	2	<u>9,823,353</u>	<u>-</u>
Trading profit	3	519,607	-
Interest receivable - net	5	<u>49,310</u>	<u>-</u>
Profit before taxation		568,917	-
Taxation charge	6	<u>2,588</u>	<u>-</u>
Attributable profit		566,329	-
Proposed dividend		<u>-</u>	<u>-</u>
Undistributed profit		<u>566,329</u>	<u>-</u>

The notes on pages 8 to 14 form part
of these accounts

NFWELL DUNFORD LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 30th SEPTEMBER 1982

	<u>Note</u>	<u>1982</u> £	<u>1981</u> £
<u>FUNDS EMPLOYED</u>			
Share capital	7	350,000	350,000
Reserves	8	<u>1,114,936</u>	<u>548,607</u>
		<u>1,464,936</u>	<u>898,607</u>
<u>ASSETS EMPLOYED</u>			
Fixed assets	9	266,108	-
Net current assets	11	<u>1,198,828</u>	<u>898,607</u>
		<u>1,464,936</u>	<u>898,607</u>

Approved by the board on 12th January 1983

..... V. J. SMITH)

..... *G. H. Craine*)

..... G. H. CRAINE)

Directors

The notes on pages 8 to 14 form part
of these accounts

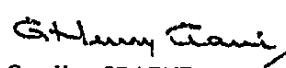
NEWELL DUNFORD LIMITED
BALANCE SHEET AT 30th SEPTEMBER 1982

	<u>Note</u>	<u>1982</u> £	<u>1981</u> £
<u>FUNDS EMPLOYED</u>			
Share capital	7	350,000	350,000
Reserves	8	<u>584,628</u>	<u>548,607</u>
		<u>934,628</u>	<u>898,607</u>
<u>ASSETS EMPLOYED</u>			
Fixed assets	9	30,393	-
Subsidiaries	10	365,271	-
Net current assets	11	<u>538,964</u>	<u>898,607</u>
		<u>934,628</u>	<u>898,607</u>

Approved by the board on

January 1983


 V. J. SMITH


 G. H. CRAINE

)
)
) Directors
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The notes on pages 8 to 14 form part
 of these accounts

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30th SEPTEMBER 1982

	<u>1982</u> £	<u>1981</u> £
<u>SOURCE OF FUNDS</u>		
Profit before taxation	568,917	-
Adjustments for items not involving the movement of funds:		
Depreciation	34,396	-
Loss on sale of fixed assets	<u>7,444</u>	<u>-</u>
Total generated from operations	610,757	-
Funds from other sources:		
Proceeds from sales of fixed assets	<u>5,609</u>	<u>-</u>
	<u>616,366</u>	<u>-</u>
<u>APPLICATION OF FUNDS</u>		
Purchase of fixed assets*	313,557	-
Taxation paid	<u>2,588</u>	<u>-</u>
	<u>316,145</u>	<u>-</u>
	<u>300,221</u>	<u>-</u>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Stock and work in progress*	1,406,697	-
Debtors*	2,531,457	-
Creditors*	(2,674,228)	-
Amounts due from holding company	(398,607)	-
Amounts due to fellow subsidiaries*	(300,501)	-
Movement in net liquid funds:		
Bank balances and cash*	19,131	-
Overdraft	<u>(283,728)</u>	<u>-</u>
	<u>300,221</u>	<u>-</u>

*Summary of the effects of the acquisition of subsidiaries:

	<u>Net assets</u> <u>acquired</u> £	<u>Consideration</u> £
		Cash paid 365,271
Fixed assets	282,934	
Stock and work in progress	1,098,550	
Debtors	1,763,109	
Bank balances and cash	195,766	
Amount due to fellow subsidiaries	(470,433)	
Creditors	<u>(2,504,655)</u>	
	<u>365,271</u>	<u>365,271</u>

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention and in compliance with section 149A, section 152A and Schedule 8A of the Companies Act 1948.

(b) Consolidation of group companies

The consolidated accounts include the assets, liabilities and revenue results of the company and its subsidiaries as defined in the Companies Acts 1948 to 1981.

Goodwill or surplus on consolidation, being the difference between the cost of the investment in a subsidiary and the value of its assets at the date of acquisition, are taken to group non-distributable reserves.

The principal subsidiaries are shown on page 11.

(c) Depreciation

Depreciation is provided to write off the book value of fixed assets, at the following annual rates, evenly over their estimated remaining lives:

Freehold land	Nil
Freehold buildings	2%
Plant and equipment	6 $\frac{2}{3}$ - 12 $\frac{1}{2}$ %
Fixtures and fittings	10%
Office machinery	20%
Motor vehicles	25%

No depreciation is provided on assets in the year of acquisition except for motor vehicles.

Government grants are deducted from the cost of fixed assets.

(d) Stock and work in progress

Valuation is at the lower of cost and net realisable value. Where relevant, cost includes an appropriate share of manufacturing overheads.

Contract work in progress is valued at cost, less any foreseeable losses, after deduction of progress payments receivable.

(e) Deferred taxation

Deferred taxation is calculated under the liability method and is only provided where there is a reasonable probability that it will become payable within the foreseeable future.

Deferred taxation which is not anticipated to be payable within the foreseeable future is included in contingent liabilities.

PROFIT AND LOSS ACCOUNT

2. Turnover

Turnover represents sales of goods and services outside the group net of discounts, allowances and V.A.T.

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982
(continued)

PROFIT AND LOSS ACCOUNT (continued)

3. Trading profit

Trading profit is stated after charging:

	<u>1982</u>	<u>1981</u>
	£	£
Depreciation	34,396	-
Directors' emoluments (note 4)	102,609	-
Auditors' remuneration	17,750	-
Group management charges	25,000	-
Hire of plant and machinery	40,486	-
Loss on sale of fixed assets	7,444	-
	<u>7,444</u>	<u>-</u>

4. Directors' emoluments

	<u>1982</u>	<u>1981</u>
	£	£
Executive remuneration	81,743	-
Pension costs	20,866	-
	<u>102 609</u>	<u>-</u>

Executive remuneration includes:

Chairman and highest paid director

<u>29,252</u>	<u>-</u>
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The remuneration of the other directors within the following ranges:

	<u>1982</u>	<u>1981</u>
	£	£
£0 - £5,000	4	2
£15,001 - £20,000	<u>3</u>	<u>-</u>

5. Interest (payable)/receivable

	<u>1982</u>	<u>1981</u>
	£	£
Group interest	47,971	-
On bills discounted	(1,084)	-
Other interest - (payable)	(42,744)	-
- receivable	45,167	-
	<u>49,310</u>	<u>-</u>

6. Taxation

	<u>1982</u>	<u>1981</u>
	£	£
Overseas taxation	<u>2,588</u>	<u>-</u>

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982
(continued)

PROFIT AND LOSS ACCOUNT (continued)

6. Taxation (continued)

No provision for corporation tax on the profits for the year has been made due to the effect of losses brought forward and also the receipt of losses surrendered for no consideration by other companies in the Lonrho Plc group. The charge if no losses had been brought forward or surrendered would amount to £296,016 (1981 - £Nil).

A subsidiary has losses for corporation tax purposes of £194,000 (1981 - £267,000) which are available to reduce corporation tax payable on future trading profits of that company.

BALANCE SHEET

7. Share capital

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of 50p each	400,000	400,000	320,000	320,000
5% (now 3.5% + tax credit) cumulative preference shares of £1 each	10,000	10,000	10,000	10,000
6% (now 4.2% + tax credit) cumulative 'A' preference shares of £1 each	<u>40,000</u>	<u>40,000</u>	<u>20,000</u>	<u>20,000</u>
	<u>450,000</u>	<u>450,000</u>	<u>350,000</u>	<u>350,000</u>

By virtue of the provisions of Section 18 of Schedule 23 of the Finance Act 1972, since 5th April 1973 preference dividends are payable at the rate of 3.5% on the cumulative preference shares and 4.2% on the cumulative 'A' preference shares. Preference dividends for the twenty two half years ended 30th June 1982 amounting to £13,983 have been carried forward as unpaid arrears.

8. Reserves

	<u>Profit and loss account</u>
	<u>£</u>
<u>Group</u>	
Balance at 1st October 1981	548,607
Undistributed profit for the year	<u>566,329</u>
Balance at 30th September 1982	<u>1,114,936</u>
<u>Company</u>	
Balance at 30th September 1981	548,607
Undistributed profit for the year	<u>36,021</u>
Balance at 30th September 1982	<u>584,628</u>

Undistributed profit for the year of £36,021 is dealt with in the accounts of Newell Dunford Limited (1981 - £Nil).

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982
 (continued)

BALANCE SHEET (continued)

9. Fixed assets

	Group		Company
	<u>Freehold land and buildings</u>	<u>Plant and machinery</u>	<u>Plant and machinery</u>
	£	£	£
Cost			
At 1st October 1981	-	-	-
New subsidiaries	-	-	-
Intra-group transfers	130,000	627,617	-
Additions	-	12,424	24,016
Disposals	-	31,318	25,332
At 30th September 1982	130,000	(139,240)	(2,260)
		662,119	47,088
Depreciation			
At 1st October 1981	-	-	-
New subsidiaries	-	-	-
Intra-group transfers	3,500	471,183	-
Charge for year	-	13,119	-
Disposals	2,000	32,396	12,687
At 30th September 1982	-	(126,187)	(2,259)
	5,500	390,511	16,695
Net book value			
At 30th September 1982	124,500	141,608	30,393
At 30th September 1981	-	-	-

In accordance with the group's accounting policy no depreciation has been provided on the following assets having a book value of:

Freehold land at 30th September 1982

£
30,000

10. Subsidiaries

Shares at cost

1982	1981
£	£
365,271	-

The company has the following wholly-owned subsidiaries all of which are incorporated in Great Britain:

N. D. Engineering Limited

Tollemache Limited

Robert Hudson (Machinery Sales & Service) Limited

(Further details are given on page 14).

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982
(continued)

BALANCE SHEET (continued)

9. Fixed assets

	<u>Group</u>			<u>Company</u>
	<u>Freehold land and buildings</u>	<u>Plant and machinery</u>	<u>Total</u>	<u>Plant and machinery</u>
	£	£	£	£
Cost				
At 1st October 1981	-	-	-	-
New subsidiaries	130,000	627,617	757,617	-
Intra-group transfers	-	12,424	12,424	24,016
Additions	-	31,318	31,318	25,332
Disposals	-	(139,240)	(139,240)	(2,260)
At 30th September 1982	130,000	532,119	662,119	47,088
Depreciation				
At 1st October 1981	-	-	-	-
New subsidiaries	3,500	471,183	474,683	-
Intra-group transfers	-	13,119	13,119	12,687
Charge for year	2,000	32,396	34,396	6,267
Disposals	-	(126,187)	(126,187)	(2,259)
At 30th September 1982	5,500	390,511	396,011	16,695
Net book value				
At 30th September 1982	124,500	141,608	266,108	30,393
At 30th September 1981	-	-	-	-

In accordance with the group's accounting policy no depreciation has been provided on the following assets having a book value of:

	£
Freehold land at 30th September 1982	30,000

10. Subsidiaries

	<u>1982</u>	<u>1981</u>
	£	£
Shares at cost	365,271	-

The company has the following wholly-owned subsidiaries all of which are incorporated in Great Britain:

N. D. Engineering Limited
Tollemache Limited
Robert Hudson (Machinery Sales & Service) Limited

(Further details are given on page 14).

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982
(continued)

BALANCE SHEET (continued)

11. Net current assets

	<u>Group</u>		<u>Company</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Stock and work in progress (note 12)	1,406,697	-	-	-
Debtors	2,531,457	-	8,043	-
Amounts due from holding company	500,000	898,607	500,000	898,607
Amounts due from subsidiaries	-	-	1,331,600	-
Amounts due from fellow subsidiaries	5,091	-	-	-
Bank balances and cash	19,131	-	902	-
Total current assets	4,462,376	898,607	1,840,545	898,607
Creditors	2,674,228	-	16,314	-
Amounts due to subsidiaries	-	-	881,353	-
Amounts due to fellow subsidiaries	305,592	-	-	-
Bank overdraft	283,728	-	403,914	-
Total current liabilities	3,263,548	-	1,301,581	-
Net current assets	1,198,828	898,607	538,964	898,607

12. Stock and work in progress

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Work in progress	737,287	-
Less: progress payments	468,377	-
	268,910	-
Stores	501	-
Stock for resale	1,137,286	-
	1,406,697	-

13. Capital commitments

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Contracted for, but not provided in the accounts	-	-
Authorised by the directors, but not yet contracted for	-	-

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1982
(continued)

BALANCE SHEET (continued)

14. Contingent liabilities

(a) Deferred taxation

In accordance with the deferred taxation policy of the group (see note 1(e)) no provision has been made for deferred taxation. The contingent liability for deferred taxation at 30th September 1982 calculated at 52%, for which no provision has been made in these accounts, is as follows:

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Excess capital allowances over depreciation provisions	<u>496</u>	<u>-</u>

(b) Guarantees

Certain subsidiaries are jointly and severally liable to a limit of £1,500,000 (1981 - £Nil) in respect of the indebtedness of Hadfields Limited, a fellow subsidiary of Firststeel Hadfields Limited, on an open account with the Lloyds Bank Plc. The amount of the contingent liability at 30th September 1982 was £42,425 (1981 - £Nil).

(c) Leasing agreements

At 30th September 1982, the group had entered into a number of agreements for the leasing of plant and machinery. These agreements extend for various periods not exceeding 15 years and, in the event of prior termination, compensation will be payable.

(d) Other

Additional contingent liabilities exist in respect of:

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Counter indemnities to bankers, uninsured portion	65,317	-
Performance bonds	537,130	-
Insurance bond	<u>105,932</u>	<u>-</u>
	<u>708,379</u>	<u>-</u>

15. Ultimate holding company

The company is a wholly owned subsidiary of Firststeel Hadfields Limited, whose ultimate holding company is Lonrho Plc, a company which is incorporated in Great Britain.

NEWELL DUNFORD LIMITED
PRINCIPAL SUBSIDIARY COMPANIES
ACTIVITIES AND PRODUCTS

<u>Name</u>	<u>Location</u>	<u>Activities</u>
N. D. Engineering Limited Tollemache Limited	Misterton) Misterton)	Design, supply and installation of process engineering equipment
Robert Hudson (Machinery Sales & Service) Limited	Castleford, Broughton and Ormskirk	Marketing and servicing of earth moving and agricultural machines