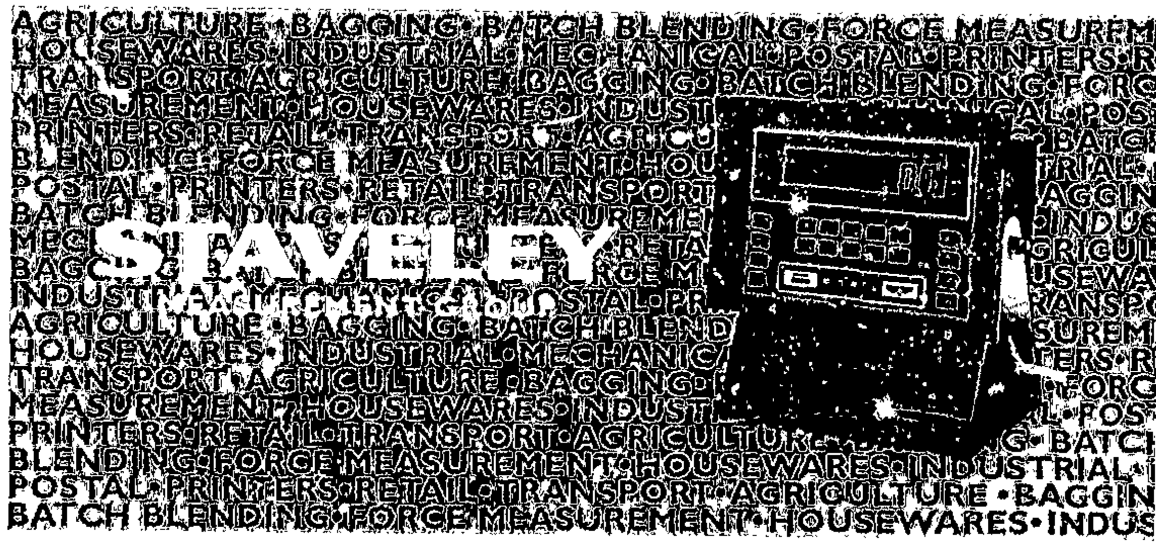
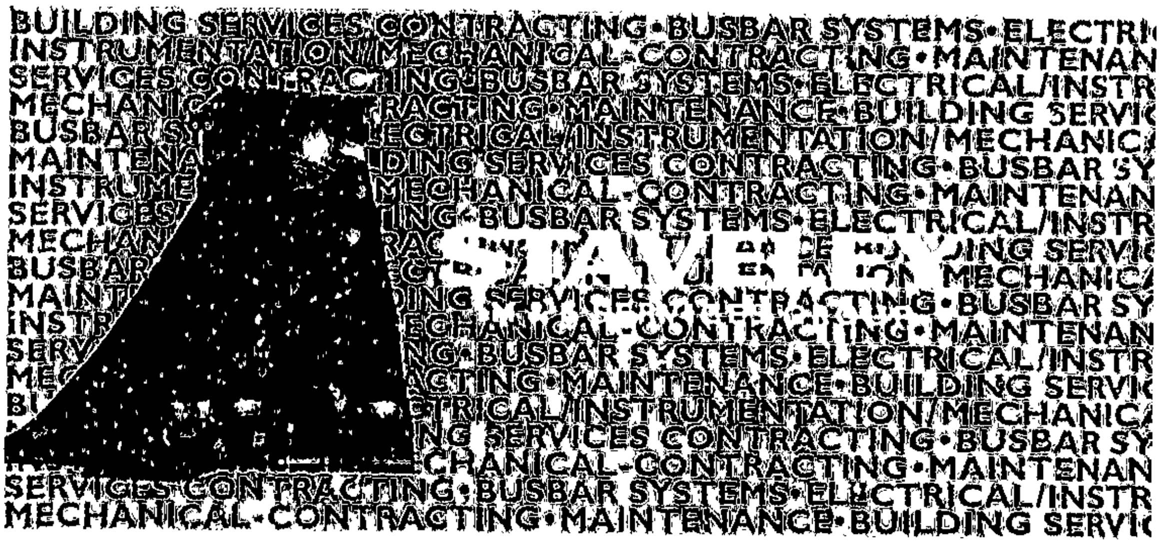
Company No 2477437

Accounts of parent undertaking (Co No 866) filed under s228(2)(e) of Companies Act 1985.

STAVELEY INDUSTRIES

Annual Report and Accounts 1993





Contents

Financial Highlights

52 weeks ended 3 April 1993

1992		1993	
£298.3m	**Turnover**	**£344.9m**	Record sales
£25.4m	**Operating Profit**	**£25.0m**	
£1.2m	**Interest**	**£0.6m**	Interest down 50%
*£22.4m	**Profit Before Tax**	**£24.4m**	
*15.1p	**Earnings per share**	**16.1p**	EPS up 7%
11.9%	**Gearing**	**22.8%**	
8.2p	**Dividend**	**8.5p**	Dividend up 4%

*Restated under FRS 3

Board of Directors

"The Board continues to be committed to ensuring that proper standards of corporate governance are operating in the group"

The Staveley Board visits the 1993 Powder & Bulk Solids Show in Chicago, where the new corporate identity of the Weighing & Systems Group was launched. Left to right: J Moger Woolley, Richard E Brown, Michael R B Gatenby, Keith A Battey, Roy A Hitchens, Brian H Kent, Edward J Low, Roderick D Armitage

Board of Directors

Staveley Industries plc

Chairman

§† **Brian H Kent** (61)
BSc (Eng), CEng, FIMechE, FIEE
Chairman
Appointed to Board 1.5.78
Deputy President – Institution of Mechanical Engineers

Non-Executive Directors

§† **Michael R B Gatenby** (48)
MA (Cantab), FCA
Non-Executive Director
Appointed to Board 1.4.80
Vice-Chairman – Charterhouse Bank Ltd
Director – Charterhouse plc
Non-Executive Director – Bridport-Gundry plc

§† **J Moger Woolley** (58)
BSc
Non-Executive Director
Appointed to Board 14.11.90
Chairman – API plc
BM Group plc
Dolphin Packaging plc
Non-Executive Director – Avon Rubber plc
Bristol Waterworks Company
United Bristol Health Care Trust

Executive Directors

§† **Roy A Hitchens** (52)
FCCA
Chief Executive
Appointed to Board 1.10.92

Roderick D Armitage (49)
Barrister, FCIS
Legal Director and Company Secretary
Appointed to Board 1.8.89

† **Richard E Brown** (55)
FCA
Finance Director
Appointed to Board 1.4.72

Keith A Battey (50)
MCIBSE
Executive Director
Appointed to Board 14.11.90

Edward J Low (62)
CEng, FIMechE, FIProdE, MCIM
Executive Director
Appointed to Board 1.10.87

§ Members of Chairman's Committee – remuneration (Chairman – BH Kent)
† Members of Audit Committee (Chairman – MRB Gatenby)

Chairman's Statement

The accounts are prepared for the first time this year in accordance with the new FRS 3 Accounting Standard. The adoption of this Standard has necessitated the restatement of information previously published for 1992, which affects the profit and loss account.

The year has been one of consolidation for Staveley and the 9% restated rise in profit before tax to £24.4 million has confirmed the solidity and reliability of our three core businesses, two of which are firmly UK based.

Turnover rose by an encouraging 16% to an all time record of £345 million against the backdrop of a worldwide recession that affected many of our markets and in particular the UK.

It can safely be assumed therefore that we gained market share but partly at the expense of operating margins which fell overall from 8.5% to 7.3%.

Many of our key competitors seem to have suffered badly in this severe environment and we therefore had to be very selective in the market segments in which we have taken orders to avoid uneconomic pricing.

Nevertheless order input at £346 million, up 12%, has also been a record and gives a useful impetus to the start of the new year which can only be encouraging.

Our important divisional profit mix has remained relatively stable with the expected reduction in Mechanical & Electrical Services' profit being more than made up by growth, equally shared in Measurement and Minerals, both of which invested heavily in product development.

In many ways therefore it has been an encouraging year especially in our North American Measurement activities which have shown encouraging growth.

It has been our Continental Measurement operations that have been disappointingly slow to recover although it has not been as yet order input which has been the critical factor.

Whilst the results for the Mechanical & Electrical Services Group show a reduction on last year, once again they have had to absorb some £0.5 million of bad debts from a badly weakened construction industry which is now trying hard to recover in specialised sectors. Here again we have held our order input well in these difficult circumstances.

Our Minerals activities have grown yet again as the added value salt products increase their penetration of the water softening markets for both commercial (Aquasol) and industrial (Granulite) uses. Management attention to the overall efficiency of this finely balanced 'thermal' process is unrelenting and the achievements this year are particularly good.

Net interest charges of only £0.6 million, down 50% on last year, benefited from the general decline of interest rates worldwide, tight cash management and the sensible disposition of our borrowings on a geographical basis to benefit from interest rate differentials.

Return on capital was a respectable 24% despite the additional capital expenditure at the Minerals Group for the new added value products which came on stream at the end of the year.

The operating cash flow of the group is once again positive and we have considerable headroom in our strong balance sheet to cater for our expansion plans as and when required.

The tax charge at 25%, similar to last year, reflected the utilisation of some of our overseas tax losses.

Net borrowings of £18.9 million whilst up on last year (£9.2 million) arose largely from our matching policy with overseas assets and gearing at 23% was obviously adversely affected by the devaluation of sterling.

To ensure one of our medium term source of funds we have since the year end seized the opportunity to arrange a US$40 million private placing. In our view fixed dollar interest rate of 6.64% was attractive and the three US insurance companies who have provided this sum for a seven year period impressed us with their long term interests in Staveley as a company.

Dividend

Earnings per share this year on a restated FRS 3 basis rose from 15.1p to 16.1p, an increase of 6.6%. The Board feels that an increased dividend is fully justifiable especially considering the strong financial situation in which we are now positioned.

Accordingly the Board has decided to increase the dividend, which is almost twice covered, for the full year to 8.5p per share, an increase of 3.7%, giving a final dividend of 6.2p per share.

Employees

I would like to thank the many employees of Staveley who have once again worked hard for this satisfactory result.

Change and the managing of it have been features of the company over the last 13 years and this has been key to positioning ourselves ready for the world's future growth markets and niches we supply.

The Board

Having served as your Chief Executive for the past 13 years, including the latter six years additionally as Chairman, I was particularly pleased to be able to announce in July 1992 the appointment of Mr Roy Hitchens, FCCA, as your new Chief Executive. In the last nine months he has settled in well and is now fully established as the full time executive manager of the company.

Mr Edward Low retires at the annual general meeting after five and a half years as an executive director, initially in charge of British Salt and latterly responsible for our NDT companies in the USA.

His wise and sympathetic counsel will be missed, especially in the smaller entrepreneurial business environment of the NDT world.

Pensions

It has been a satisfactory year for our UK pension fund's investment performance which has once again made it unnecessary for the company to make any cash contribution.

No significant changes have been made in the investment policy guidelines which continue to be arms-length. The holding in Staveley shares continues at less than 1% of our share capital.

Overseas we funded, where appropriate, our particular retirement benefits plans as recommended by outside professional advisers.

Summary

Having weathered well the various economic storms of this past year the company is satisfactorily placed for its next phase of growth under the energetic leadership of a new Chief Executive.

It has taken longer than we planned to deal with the now completed relocation of the Chronos businesses both in the US and Germany to new factory sites. Substantial progress has now been made and they both have upside potential from which future years should gain.

This together with other investments made elsewhere in the company should now begin to show through steadily.

The members of our new executive team have every opportunity to take the company onwards from here and I am sure they will do so.

B H Kent
Chairman

Five Year Record

	1993 £m	†1992 £m	1991 £m	1990 £m	1989 £m
Turnover	344.9	298.3	329.5	264.0	243.1
Profit before tax	24.4	22.4	28.0	24.5	21.8
Retained profit	8.6	7.1	10.0	7.3	8.6
Capital employed					
Fixed assets and investments	86.4	80.7	81.0	72.0	70.2
Working capital excluding borrowings	16.7	6.1	9.8	20.5	17.2
Total capital employed	103.1	86.8	90.8	92.5	87.4
Funded by					
Ordinary shares	28.4	28.2	23.5	18.7	18.7
Reserves	54.8	48.4	34.3	43.1	38.3
Ordinary shareholders' funds	83.2	76.6	57.8	61.8	57.0
Preference shares	0.9	0.9	0.9	0.9	0.9
Net borrowings	18.9	9.2	25.6	23.3	23.7
Deferred tax	0.1	0.1	0.1	0.1	0.3
Minority interests	-	-	6.4	6.4	5.5
	103.1	86.8	90.8	92.5	87.4
Operating profit margin (%)	7.3	8.5	9.3	10.4	10.0
Dividend per share (p)	8.5	8.2	8.2	7.6	6.8
Earnings per share (p)	16.1	15.1	20.6**	21.0*	18.8*
Return on capital (%)	24.3	29.3	33.8	29.8	27.9
Gearing (%)	22.8	11.9	44.3	37.8	41.7

†Restated under FRS 3. The figures for 1989 to 1991 have not been restated to reflect the changes required by FRS 3

*Adjusted for 1:4 rights issue in April 1990 and for 1:5 rights issue in July 1991

**Adjusted for 1:5 rights issue in July 1991

Chief Executive's Review

The steady progress of the company supported by a healthy product development programme has enabled us to weather the poor economic performance of world markets with considerable resilience.

Measurement

Staveley Weighing & Systems

The three separate businesses of Salter, Chronos Richardson and Weigh-Tronix were brought together on 1 October 1992 under the leadership of Salvatore Vinciguerra, Chief Executive (Operations) of Staveley Weighing & Systems Group. This group is now one of the leading weighing and systems companies in the world and consists of eleven strategic business units and seven country business units. Much time and energy has been expended since then in developing the organisation and it is pleasing to see the progress that has been made.

Our Chronos Richardson Bagging Strategic Business Unit (SBU), based in Germany, continued to struggle with the stabilisation of the new facility at Hennef. Progress to date has been steady under a new Geschäftsführer who joined us on 1 October 1992. There is little doubt that we still have some way to go to achieve our targeted financial performance from this facility. However, the action plans in place sho[illegible]gressively impact these finan[illegible]rns in a positive way throughout 1994.

Despite the disappointing progress on the general operational front, order levels generally and integrated bagging lines in particular, continue to be robust around the world. Success with this new product has been particularly strong in America.

The Chronos Richardson Batch Blending SBU, based in Nottingham, UK had a satisfactory year, with a difficult first half being matched by a very strong second. The earlier marketing and service investments in the Far East have resulted in good growth in order intake from that region, particularly for our process handling systems for rubber component factories.

Our Bulk Packaging and Systems Country Business Unit (CBU), based at Wayne, New Jersey, USA had a very successful year, where the growth for new systems sourced out of Nottingham and Hennef and good cost management have seen a useful turnaround in profit performance.

The Weigh-Tronix Industrial SBU, based in Fairmont, Minnesota, USA has had a satisfactory year despite the sluggishness in the United States economy. Again, new products featured prominently with a new range of digital indicators being introduced together with a new 'on board' weighing product for dump and garbage trucks targeted at the waste management industry.

The Weigh-Tronix Postal SBU, based at Santa Rosa, California, USA had a steady year after a strong first half. Our continued investment in product improvement programmes and our ability to respond quickly to the demands of our customers have continued to win us substantial orders for this SBU.

The Weigh-Tronix Retail SBU, also based at Santa Rosa, continues to develop carefully targeted products for smaller retail stores and its latest addition to its growing product range is an integrated side scanner scale.

The new combination of Salter Industrial Measurement and Todd Scales has proved very successful even against the background of a poor UK market for traditional weighing products. The wider geographical coverage and additional focus on exports backed by successful European Certification of a number of key components from Weigh-Tronix have led to a good year for Salter Weigh-Tronix.

Salter Housewares also had a much improved year where the combination of new product designs, cost control programmes and a successful major contract in Germany have enabled this SBU to improve its profit performance significantly. Order intake levels in the UK have returned to more satisfactory levels since Christmas 1992.

A management process improvement programme has been introduced at all the major sites. The programme is aimed primarily at improvement in the quality of product and services delivered by the group and will culminate in official certifications which are becoming a competitive necessity. The West Bromwich plant has already obtained BS 5750 and all factories are pursuing ISO 9000 certification.

International markets are playing an increasing role within the group. The sales and service company in Thailand has completed a most successful start-up year and the new technical service centre in Beijing together with a new strategic alliance for the rubber industry in Japan will shortly come on stream.

Quality Assurance

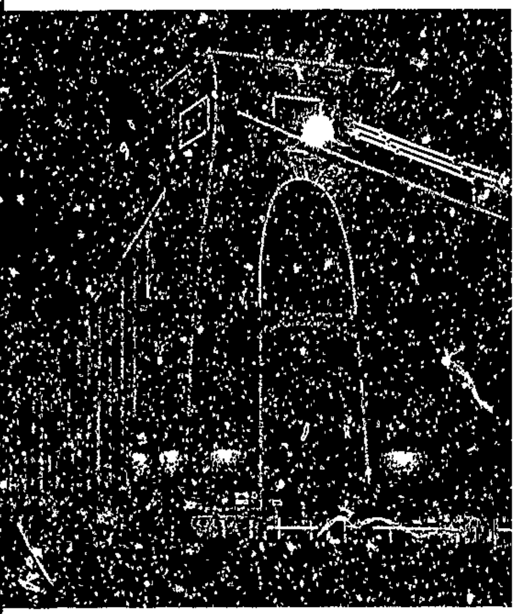
The NDT Instruments business had a good year due to a number of substantial orders from the US military for the Bondmaster and 19e" products. Our research and development spend is now focused on products aimed at the commercial and international marketplace to counteract the possible downturn in military activity.

The Sensors business had another difficult year with volumes continuing at a low level and management attention has been on cost management.

Conam, the NDT services operation in the USA had a good year with all units performing better than last year. The introduction of the 'Tankstat', a new service for tank bottom testing, has been successful.

Chief Executive's Review

continued



Conam is close in skills and strategic direction to our UK Maintenance business, and together they form an international technical services capability which may be the nucleus for further expansion. As a first step therefore to encouraging this process we have placed Conam under our executive director responsible for Staveley Mechanical & Electrical Services, Mr Keith Battey.

Staveley M&E Services

Once again these activities outperformed the majority of their competitors and produced a very satisfactory result against a backdrop of the continuing extremely severe recession in the construction industry.

The Maintenance business, with nine branches throughout the country enabling it to provide a nationwide service to its customers, has continued to enhance its reputation as one of the major operators in the UK.

Our Building Services Contracting business had a good year based on a high opening order book and a satisfactory level of incoming contracts. Unfortunately, new contracts have had to be taken with lower margin expectations and the focus of the management team is therefore directed at high quality project control.

Our WHS Electrical / Instrumentation / Mechanical - Contracting business had a successful year with strong repeat orders from our traditional industrial customer base enabling us to maintain performance.

Barduct managed to maintain its profitable position as market leader in the UK despite a cutback in order intake levels. The close relationship with our key European partners enables us to give our customers a highly specialised service, thereby meeting their needs at the best cost/time levels.

The Electrical Installations business of Raytheon was acquired during the year. This small but strategically important acquisition will fill both a geographic and client gap in our portfolio. Integration of this business is going well.

Staveley Minerals

British Salt had another successful year with continuing efficiency savings being obtained which have counteracted the rigorous pricing formula imposed by the regulatory bodies on our bulk salt business.

Good quality product, customer service and reliability have enabled the business to maintain volumes despite the slight downturn in the marketplace. Two major capital investment projects, Granulite and High Purity Salt, have both been successfully built and commissioned in the year and the products from both processes are achieving expected levels of acceptance in the marketplace.

Aquasol once again continued to outperform our internal targets and is now the brand leader in salt based domestic water softening techniques in the UK.

The management focus continues to be the constant search for even more efficiency gains within the process and wider markets for established and new products.

Other businesses

John Hill, our small jobbing iron foundry in Wolverhampton, continued to suffer from the economic situation in the UK. Demand from our traditional customers was lacklustre but the company's policy of seeking new markets and extending our customer base has been of considerable importance in attaining improved results and we intend to continue this policy vigorously.

SS&P also had a much better year as the refocused business obtained a high quality rating from Ford Motor Co. in December 1992. The achievement of this rating has provided a framework within which the company has built partnerships with other component manufacturers. The development of its quality systems has won new business in the European marketplace not only from mainstream countries but also from the developing markets of Hungary and Portugal.

Summary

My first nine months at Staveley have been both stimulating and encouraging. My induction to the company has been most rewarding and I thank all the people who have given their time to assisting me in this successful process.

Our businesses are in different phases of development but the continued focus on process improvement and cost management will enable us to enjoy growing rewards from a steadily improving world economy.

Staveley's presence in key markets will enable it to grow particularly as we continue to bring a steady stream of innovative and attractive products to the market.

In May 1993 we launched our new corporate identity. This will assist both in binding the new organisations together and also emphasise our drive for increasing recognition as a cohesive group of businesses aimed at 'improving customer satisfaction' together with rising returns to shareholders.

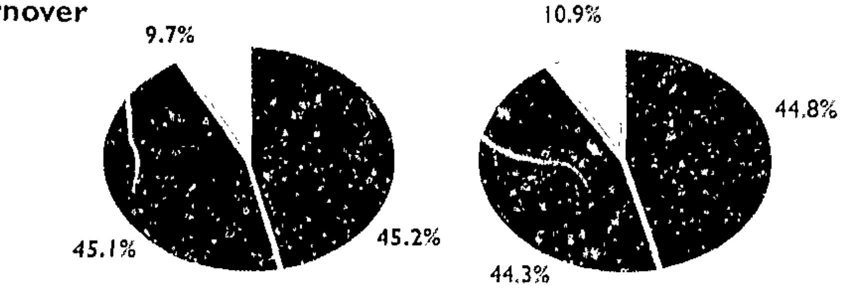
RA Hitchens
Chief Executive

Three Major Operating Groups

Split by Group

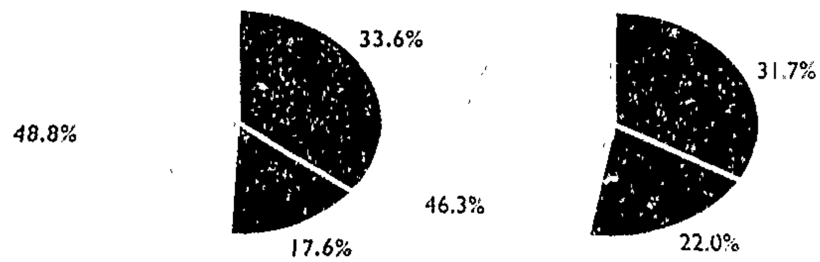
STAVELEY MEASUREMENT GROUP | STAVELEY M & E SERVICES GROUP | STAVELEY MINERALS GROUP

Turnover



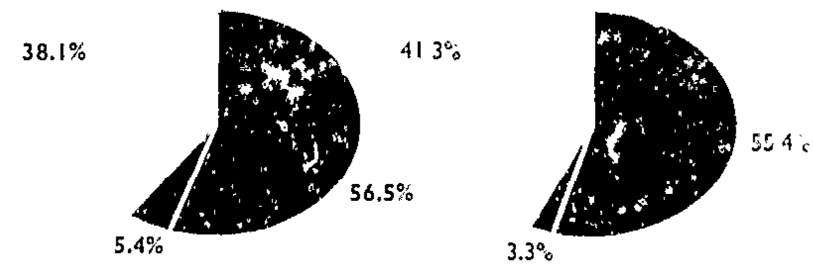
1993 £338.8m   1992 £292.8m

Operating Profit



1993 £25.0m   1992 £25.5m

Capital Employed



1993 £106.4m   1992 £91.6m

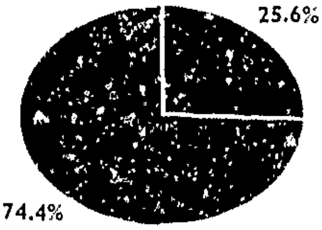
	Turnover £m 1993	Turnover £m 1992	Operating Profit/(Loss) £m 1993	Operating Profit/(Loss) £m 1992	Capital Employed £m 1993	Capital Employed £m 1992
Measurement	153.0	131.4	8.4	8.1	60.1	50.8
Mechanical & Electrical Services	152.9	129.6	4.4	5.6	5.8	3.0
Minerals	32.9	31.8	12.2	11.8	40.5	37.8
Operating Group Results	338.8	292.8	25.0	25.5	106.4	91.6
Other Businesses	6.1	5.5	-	(0.1)	2.9	2.8
Total Group	344.9	298.3	25.0	25.4	109.3	94.4

Three Major Operating Groups

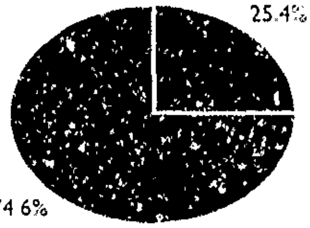
Geographical Split

UK & Europe | Rest of World

Turnover

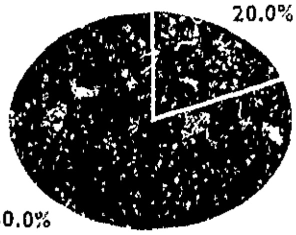


1993 £338.8m

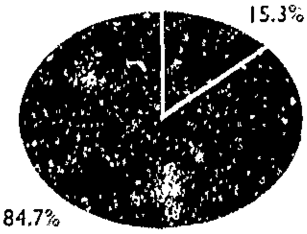


1992 £292.8m

Operating Profit

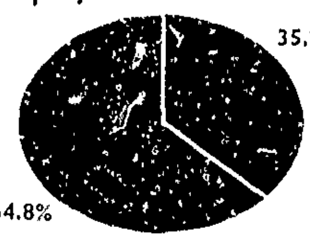


1993 £25.0m

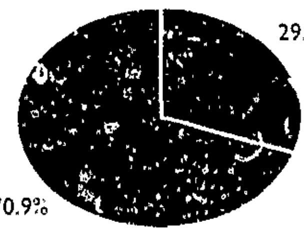


1992 £25.5m

Capital Employed



1993 £106.4m



1992 £91.6m

	Turnover £m		Operating Profit £m		Capital Employed £m	
	1993	1992	1993	1992	1993	1992
UK & Europe	252.0	218.3	20.0	21.6	69.0	64.9
Rest of World (largely USA)	86.8	74.5	5.0	3.9	37.4	26.7
	338.8	292.8	25.0	25.5	106.4	91.6

Weighing & Systems
Business Mission

To achieve continuous improvement in customer satisfaction

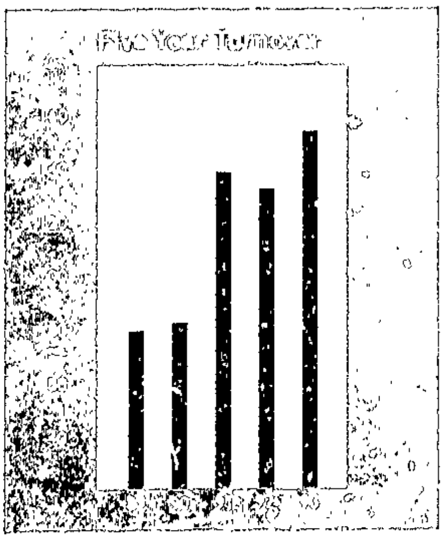
[illegible]

STAVELEY MEASUREMENT GROUP

Operational Review

Staveley Weighing & Systems has now been brought together under the leadership of one Chief Executive (Operations), Mr Salvatore J Vinciguerra, who is located in the USA and is now responsible for one of the most international and sizeable activities in the world.

Our extensive strategy process has identified the following eleven Strategic Business Units spread over eight manufacturing sites in four countries.



Strategic Business Units

Postal
Wide range of postal scale systems. Based in Santa Rosa, USA.

Retail
Point-of-sale scanner-scale systems. Based in Santa Rosa, USA.

Printers
Thermal and impact printers for use with weighing and other applications. Based in Santa Rosa, USA.

Industrial
Electronic bench, platform and truck scales (weighbridges). Checkweighers, counting scales, and indicators. Based in Fairmont, USA.

Agricultural
Modular feed processors, on-farm scales and rugged components. Based in Fairmont, USA.

Force Measurement
Universal testing machines and force measurement gauges. Based in Fairmont, USA.

Mechanical
Mechanical scales used in a wide variety of industrial, postal, and retail applications. Based in West Bromwich, UK.

Transport
Coupled in-motion rail weighing products and weighbridges. Based in Stockport, UK.

Housewares
Kitchen and bathroom scales. Based in Tonbridge, UK.

Batch Blending
Blending systems including weighing, solids handling, and process control for rubber and plastics compounding, chemicals, and food processing. Based in Nottingham, UK.

Bagging
Bagging machinery for a wide variety of bulk materials and bulk weighing systems and products. Based in Hennef, Germany.

Operational Review

continued

With such a wide range of products and services now available, we intend to foster closer relationships with significant international customers whose total needs we can satisfy from all or each of these eleven SBUs' centres of excellence.

Supporting these design centres are a number of significant country business units (CBUs), the largest of which is located in Wayne, USA, handling the Chronos Richardson systems products for North and South America.

Our business mission is to achieve with each of our many customers 'continuous improvement in their satisfaction' with us, whilst enhancing our profitability at a growing pace.

The year's result had its successes in the UK and selected parts of the USA, but Canada and Continental Europe were disappointing.

Overall the individual SBU centres experienced quite difficult market conditions but the launch of thirty-three new products and processes gave many opportunities for growth in market share in many of our key market areas.

The Far Eastern markets were particularly strong and the timely opening of our new base in Thailand has already proved its worth.

We now have a growing number of CBUs capable of handling this wide product range and we look forward to increased penetration of the appropriate market segments around the world as the local weights and measures authorities grant approvals for our products.

The individual SBU highlights were as follows during this year of coming together.

Postal

(Santa Rosa, California)

We had a steady year from this centre of activity after a strong first half. Demand from Pitney Bowes, one of our key OEM partners, was assisted by further product enhancements which helped to extend the life of products designed by us some years ago. The British and Canadian Post Offices also had lively demands but price competition was severe throughout. This SBU continues to be the backbone of our NCI brand and we are determined to develop appropriate technologies in cooperation with our key customers, to keep us both in the lead in this higher volume market segment.

Retail

(Santa Rosa, California)

This sector of our business had a variable year and, whilst the side scanner mentioned in last year's report is now fully launched, it still has some way to go before our targets are met.

It is gaining growing market acceptance and at the US major retail exhibition in 1992 it gained a number of awards for innovation and good design. Back-up service is inevitably a key requirement in this fast-moving market and we are exercising care in the selection of geographical regions and finding suitable partners where such back-up can be guaranteed.

Printers

(Santa Rosa, California)

Our thermal printers had a buoyant year as a number of OEMs found new applications for this reliable product which created significant volume increases.

There is a growing trend for a permanent record to be printed out for weight and other key parameters of a system and this requires increased software resources to match customer requirements. We are ideally placed to supply such skills which grow in importance as we expand the application of our existing products into new markets.

Industrial

(Fairmont, Minnesota)

Regular new product launches are key to the growth of this broad market sector and it is undoubtedly one of our most vital areas for the future. New innovative Weigh-Tronix products can lead to the creation of new applications and markets. As an example of this, the chassis of a truck can now be made an integral part of the transducer system making 'on board' accurate weighing technology readily available. We have continued our penetration of the waste management infill sites using similar ideas on dump and garbage trucks.

Generally a satisfactory year despite the sluggishness in the United States economy. Whilst overall we gained market share, margins suffered and we therefore fell short of our internal profit targets, although up on last year.

Industrial


LOW BAT
MOTION
PRINT
ZERO
GROSS
TARE
NET
0.0
lb
kg
CAPACITY
PRINT
TARE
UNITS
ZERO
MODEL WI-150
ON
OFF
WEIGH-TRONIX
MODEL BP-150
FM
APPROVED

Batch Blending

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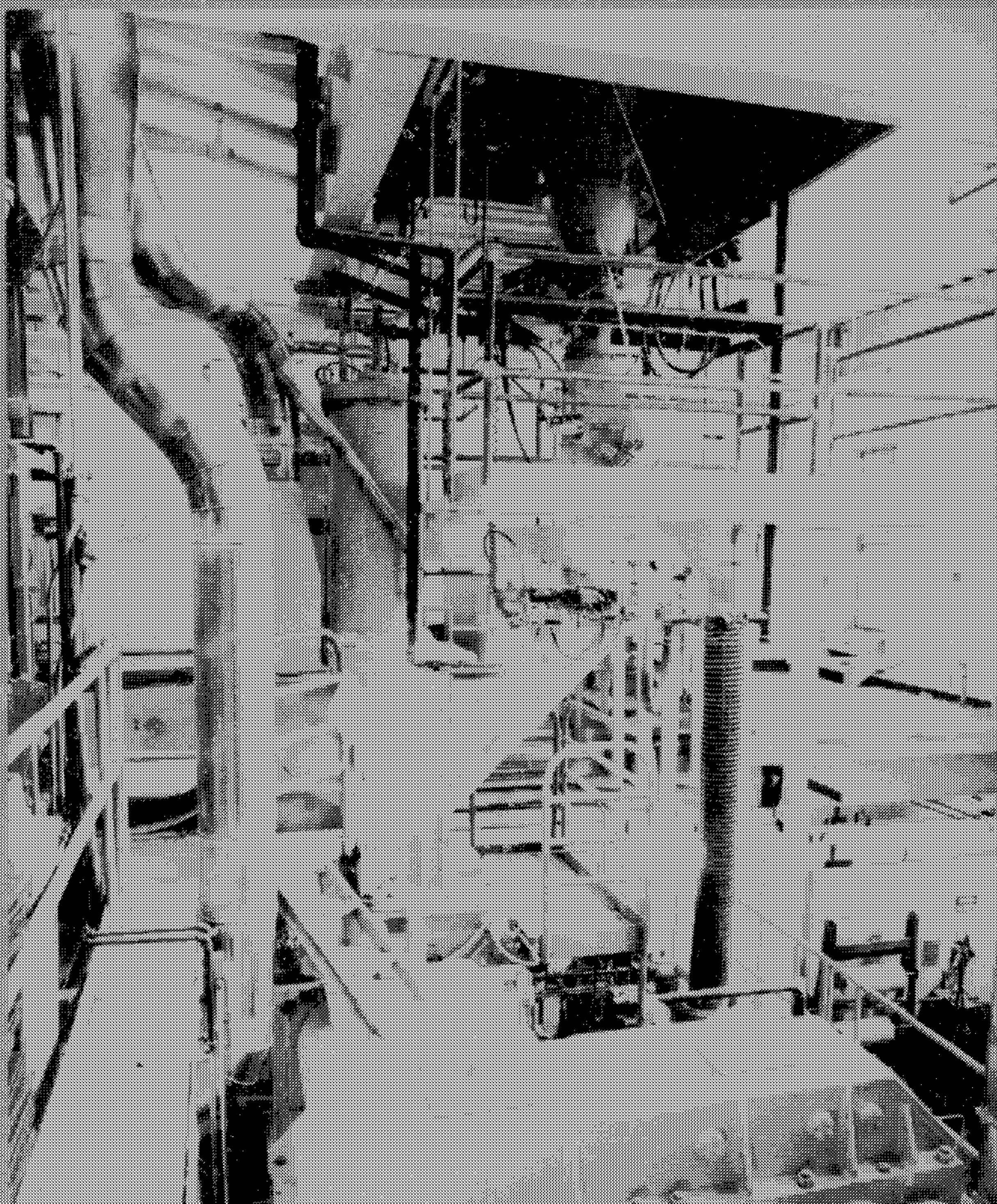


Our spares and service networks in Europe however are developing well and the addition of Todd Scales in the UK to the Salter/Weigh-Tronix activities was a great success.

The purchase of the E & A Ashworth weighbridge business last year (part of Todd Scales) gave a significant installed capacity in the UK which requires servicing and a brand name for the future backed by 100 years of experience.

Weigh-Tronix weighbridges (truck scales) are well known in the USA. Whilst margins were under attack from small regionally based suppliers, the Fairmont plant had satisfactory volumes and is improving its batch production techniques.

We continue to focus our development resources on key components such as strain gauges, load cells and weigh meters. Our new explosion-proof remote access weigh meter is finding ready acceptance in hazardous environments and could be a new trend-setter for visual clarity and ease of maintenance.

Finally, we have begun the overhaul of our range of counting scales which under the NCI brand name years ago had a dominant position. The first of a new series PC800 was launched in the year and will soon be followed by more advanced and accurate versions for the higher value applications. The new 8251 trade-approved counting scale is now launched to European customers.

Agricultural
(Fairmont, Minnesota)

This traditional segment of Weigh-Tronix's business had a variable year as US farmers were uncertain as to the new US government's intentions for subsidies. Fortunately, we had ready for launch a newly-designed and named Modular Feed Processor to replace the long-standing Stationary Feed Mixer (SFM) and this found growing acceptance in the marketplace as it helped the cost-effective farmer to maintain his margins in a weak market.

As always, the weather also plays a key part in the customer's spending patterns and the relatively bad winter did not help matters in the mid-western states.

Force Measurement
(Fairmont, Minnesota)

The Dillon brand of small force measurement testers is well known in the USA and Canada and the year overall was satisfactory.

The decision last year to form strategic alliances with other suppliers of similar equipment has accelerated the launch of a new range of digital output dynamometers and load sensing products.

Whilst this segment of our business is not central to our strategic objectives it gives a very satisfactory return and its loyal supporters both in the marketplace and inside the company fight hard for recognition by providing continuous customer satisfaction and growing profits.

Mechanical
(West Bromwich, UK)

Whilst Salter remains a famous brand name for traditional mechanical scales, West Bromwich is also a significant CBU for some Weigh-Tronix products targeted at the EC markets.

Our wide range of attractive mechanical spring-based products continues to find ready acceptance in large modern superstores (for weighing fruit and vegetables) and overseas in developing countries where electrical supplies and service back-up are very limited. We supplied once again baby weighers to far off parts of the world via government agencies, and exports from the UK, assisted by an attractive currency value, were good.

Salter Weigh-Tronix (UK) have, for many years, been the channel for government agency approvals (weights and measures) throughout the EC.

We are gradually, therefore, building up our portfolio of product approvals in the EC and both the WI-120 and WI-160 ranges of indicators are now approved, together with the appropriate weighbars and load cells. This time-consuming process was accelerated by growing use of Continental testing centres in a cost effective way.

Overall our UK scale operations had another satisfactory year especially against the background of a very poor home UK market economy.

Transport
(Stockport, UK)

The weighing of heavy goods vehicles and trains is growing in importance throughout the world as the owners of these systems become increasingly concerned about lasting damage to their fixed investments. In-motion weighing has long been a Chronos Richardson speciality with reference installations around the world. The year saw the completion of the large New Zealand Railway scheme and with the assistance of Weigh-Tronix USA back-up, real progress is now underway to establish this across North America. Using the patented Weighline System it is now possible to weigh railroad cars moving at 70 kilometers per hour to required accuracy levels.

Housewares
(Tonbridge, UK)

Salter Housewares had a very good year as retail sales in the UK finally began to recover and our export drive, begun in earnest three years ago, paid off.

A large order involving 115,000 electronic bathroom scales for Germany required a major coordination of the logistics of distribution and some 19 containers were shipped simultaneously.

Exports are therefore an all-time record at 31% of turnover and this together with the relentless attention to new product development should augur well for the future.

An investment was made in high density storage facilities at Tonbridge and the organisational structure overhauled to meet this new international challenge.

Batch Blending
(Nottingham, UK)

Chronos Richardson is a leading brand name in rubber mixing and blending plants around the world and its penetration of Chinese and Far Eastern markets has continued apace.

Overall it had a satisfactory year with a slow start in the first half of the year offset by a strong second, and it now has a significantly higher backlog entering the year ahead. A further 35 rubber mixer feed systems were ordered together with sizeable single orders from the plastics, chemical, building products and food processing industries. Eastern European customers also began to place orders again and the close linkages with Chronos resources in Germany are assisting our market penetration.

Nottingham is also our development centre for process control systems when applied to our wide range of weighing and materials handling products and processes. The year saw the launch of a new generation of powerful UNIX based systems and animal feed mills, flour milling processes and rubber compounding plants are already benefiting from its introduction and additional user-friendly features.

We have given continued attention to the handling of difficult fine powders especially using our own design of pneumatic handling techniques.

Bagging
(Hennef, Germany)

Progress at the largest of our SBUs has been steady but slow with work flow problems continuing to disrupt the steady growth of output. Additional investment in new control systems, revised shop floor modular layouts, and additional CNC machines are finally having the required effect under the leadership of new management.

Order input has been, however, satisfactory and notable orders were received from the USA for the integrated bagging line launched in May 1992 at the Chicago Powder Show. By linking the essential features of this type of bagging line to a single carousel arrangement, throughputs of up to 900 bags per hour are now commonplace.

In the Far East we have introduced further new products including a new high speed (1,200 bags per hour) bag placer.

The action plans in place should progressively improve financial returns. Recent months have confirmed this welcome positive trend and we look forward to a profitable year ahead.

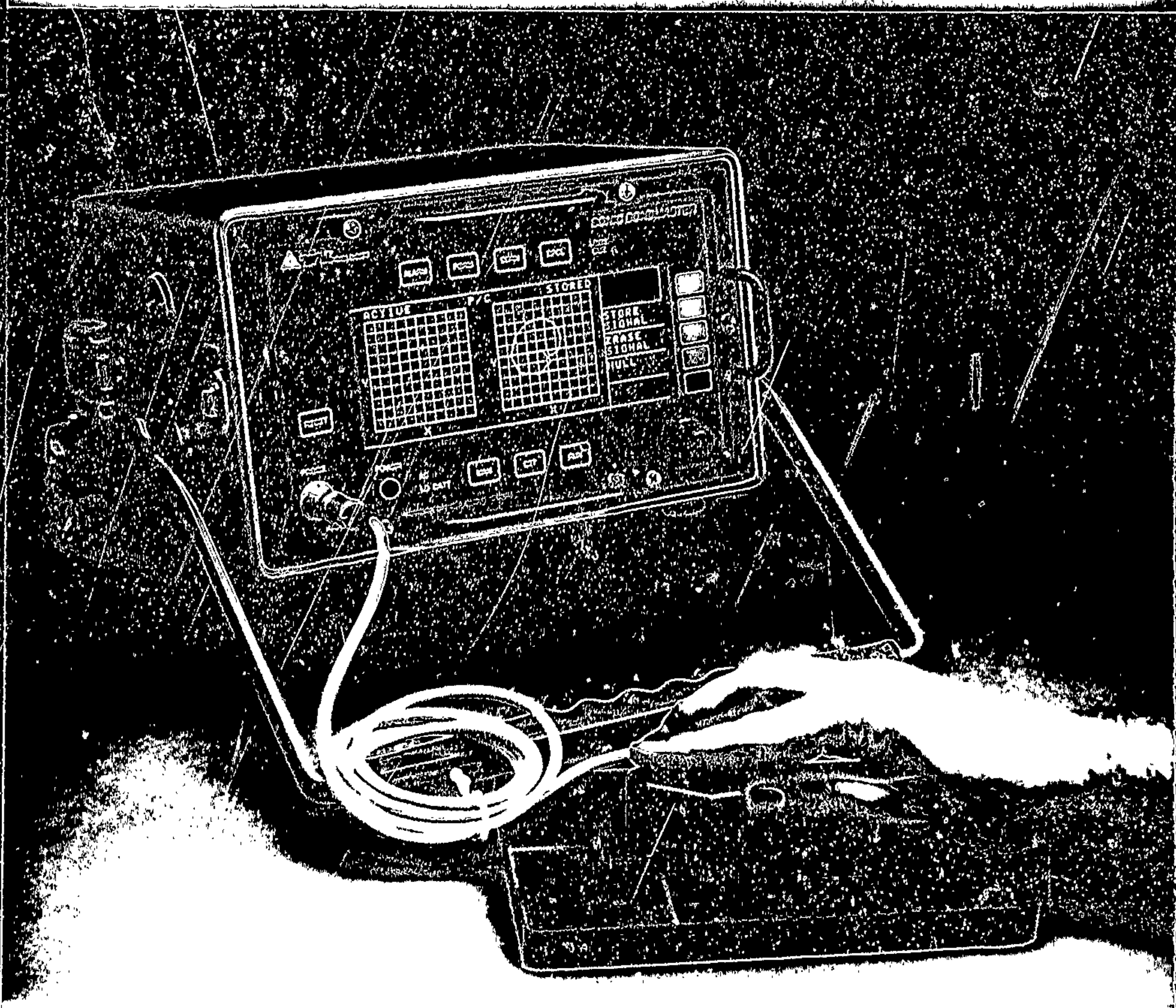
Bagging

This photograph shows the comprehensive range of test samples for substances which Chronos Richardson have been responsible for weighing and bagging for the last 100 years. This great knowledge and experience of the flow characteristics of different products makes it possible to select the appropriate 'tailor-made' solution for our customers from the wide range of products and systems available.

Customer needs drive the application of our technology

Instruments & Sensors

The NDT Bondmaster was developed by Staveley Instruments at Kennewick for the US Navy to be used in all conditions including combat for checking the integrity of bonded structures in modern military aircraft. It is light and rugged, designed to high specification and is now finding many commercial applications in other industries where bonded materials are replacing metal.



Building a quality world through NDT

Staveley NDT Technologies

Over a year ago we decided to simplify the NDT group structure and focus separately upon the product and service activities. These are Instruments and Sensors and the technical service activity, Conam Inspection Inc. This has paid off and both Staveley Instruments and Conam Inspection have each had a good year.

Staveley Instruments and Sensors

Although the US market for NDT products was difficult, a number of substantial orders from the US military assisted us towards a very satisfactory result in the Instruments business.

Both the US Navy and Air Force have worked with our research and development centre in Kennewick, Washington State, to produce advanced instruments tailor-made for their needs and in each case urgent demands were made upon us for substantial batches of instruments.

These advanced instruments use the latest techniques in testing bonded materials including mechanical impedance, resonant frequency and ultrasonic pitch-catch testing.

Our reputation as the leading US eddy current instrument supplier to aerospace was confirmed by the successful launch of the new Nortec 19e'' Eddyscope.

As usual development expenditure was maintained at a substantial level and the fruits of these projects will appear in the coming years.

Sensors had another difficult but improved year with volumes continuing at a low level. Management attention has focused on cost control.

Costs were reduced by the consolidation under one roof now at East Hartford, Connecticut, of both Harisonic and EBL activities. The bringing together of these activities under one manager also achieved a wider sharing of skills by all activities on the site.

The trend to more user-friendly products continues and we extended this to include the ergonomics of the hand held transducer combined with attractive identification of the many types of sensor.

Conam Inspection Inc

Conam has a number of discrete technical service operations spread across the USA each of which has had a good year in sometimes quite poor trading conditions with all units performing better than last year.

Many of the traditional industries served by Conam, e.g. steel, military aerospace, automotive, had restrictions placed upon them for the use of sub-contractors. However other areas such as power generation, rail transport, oil production made up for them and overall we gained marketshare against our less experienced competitors.

A combination of new products and services to be offered together with strong historical customer ties assisted our progress in this growing business area.

One new service successfully offered was our Tankstat programme which involves a newly developed system of finding weaknesses in the bases of large storage tanks particularly in the oil industry.

This environment friendly testing service combines with other services we offer to create profitable growth opportunities even in recessionary markets.

Our investment some years ago in a comprehensive information technology system to connect the key laboratory units together in order to share test experience and knowledge has also paid off in gaining regional leadership in chosen market sectors.

With a sound base in the USA it may now be sensible to expand some of these special services overseas and this sector of our NDT activities now reports to Mr Keith Battey of our Mechanical & Electrical Services Group in the UK.

The risk profile, administrative systems and regional thrust each have much in common with our MJN Maintenance interests in the UK.

Technical Services

The new CONAM TANKSTAT[SM] product and service involves one operator placed inside the tank traversing the tank floor using a mobile multi-head ultrasonic sensor carrier which transmits on a continuous basis a thickness profile of the tank bottom. Outside the tank a second operator monitors both the overall channel display and position indicator so that a permanent record is available of the up-to-date condition of the tank floor. This service is of growing interest to all tank farm owners in the chemical and petrochemical industries.

Maintenance

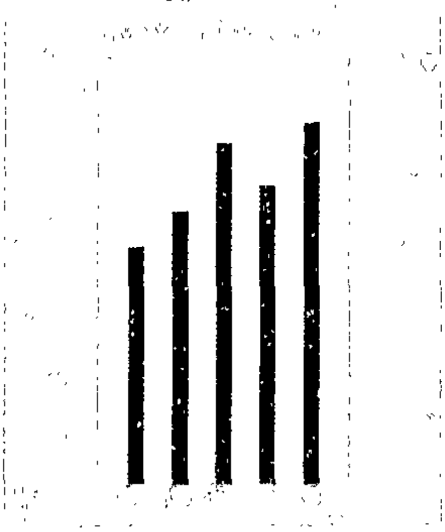
MJN Maintenance have had a long relationship with National Westminster Bank plc and are responsible for the planned maintenance in banking locations throughout the country. We provide regular attention to air conditioning, automatic fire sprinklers, boilers, electrical lighting and many other environmental control systems for this customer. At Aliffe House, featured in the photograph, we have recently tailored additional cooling services to the Bank's modern requirements.

People are our most important asset

STAVELEY
M & E SERVICES GROUP

The Mechanical & Electrical Services Group based in Croydon faced UK construction industry markets in deep recession throughout the year.

Against this background it is not surprising therefore that profitability fell, although the result achieved was very satisfactory.



This group of activities is best understood under the headings of four distinct strategic business units (SBUs) each with their particular products and services focused on long-standing customer relationships.

These are as follows:

Maintenance
(MJN - Regional Centres)

Busbar Systems
(Barduct)

Electrical / Instrumentation / Mechanical - Contracting
(WHS)

Building Services Contracting
(MJN, Colston, Hall & Kay Fire)

Each of these sectors performed profitably and Maintenance in particular continued to show growth over last year as our geographical coverage expanded in the UK.

Maintenance

MJN Maintenance
This SBU has a very different risk and growth profile to the other parts of the M&E Services Group and in fact has very similar characteristics to the Conam business of NDT services in the USA.

MJN Maintenance is now a leading national player in this expanding market.

The business completed another successful year having exceeded the targets set and has continued to grow in terms of its order book together with extending the services offered to its clients.

The company handled 25,500 orders during the year and the client list included superstores, banks, post offices, hospitals, factories, research establishments, barracks, shipyards, shops, leisure centres, garages, police stations, museums, commercial centres and office blocks. Contract values ranged from fifty pounds to £5m.

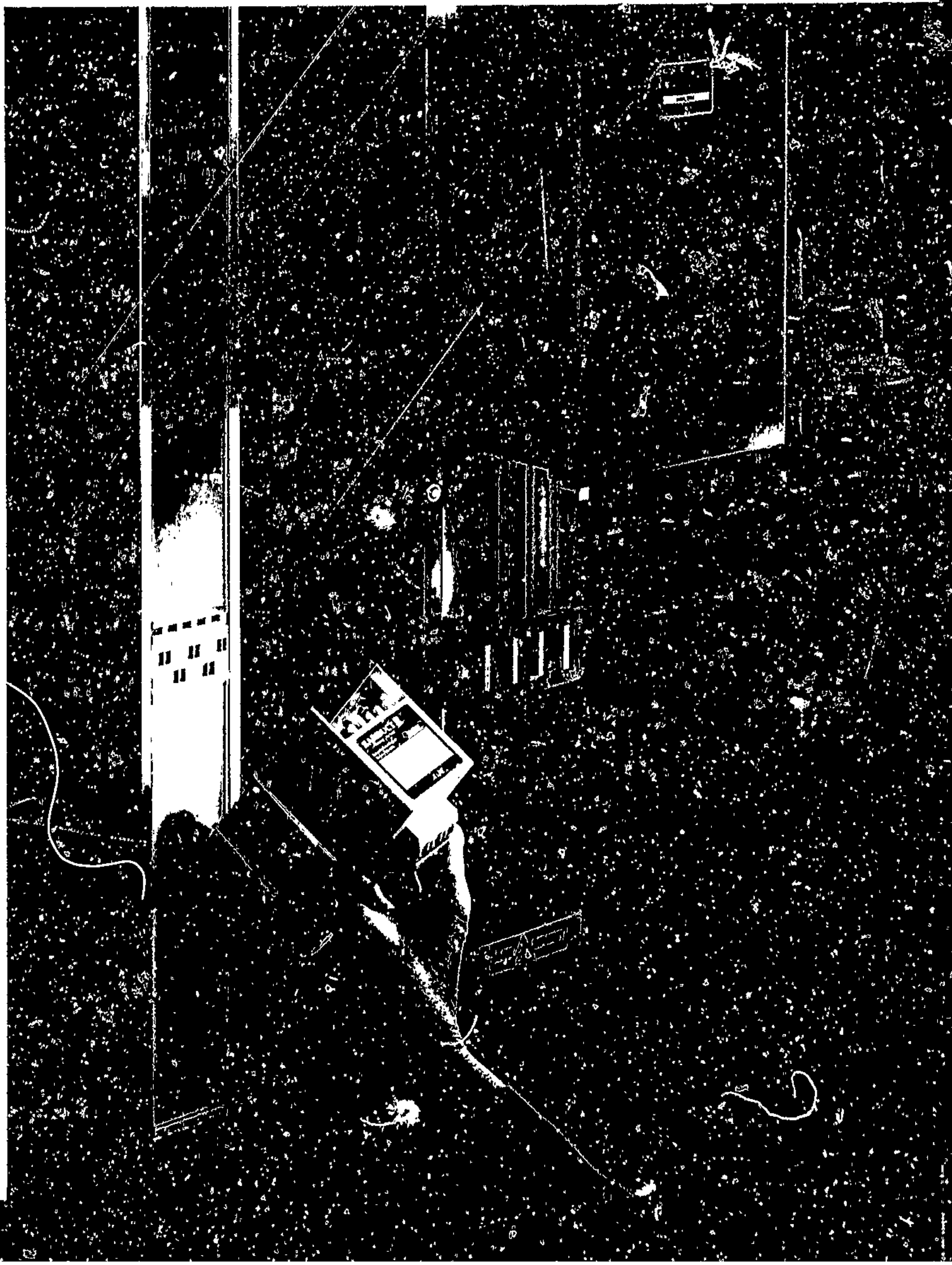
The MJN Maintenance capability now addresses the provision of all infrastructure facilities and services needed to keep a modern business functioning efficiently. The UK spread of the national customer base required the addition during the year of further branch offices in Coventry, Edinburgh and Ipswich. The company now operates from nine branch offices throughout the UK with plans to open a further two during 1993/94.

The location of these operations enables MJN Maintenance to give its customers a truly local, regional and national service. The standard service guarantees now include a 2-hour emergency response time as well as the traditional 24-hour 365 days-a-year standby operation.

During the year a national computer network was completed linking every branch, thus enabling the quality control, accounting and national service systems to be freely and immediately available to the regional engineers. The business is now well equipped to meet the future needs of the market backed by skilled staff with many years of experience in the maintenance field.

Busbar Systems

The ability to 'plug in' to busbars at intervals throughout their length gives great flexibility in their use in offices and any installation subject to future change. The comprehensive range of both busbars and tapping boxes includes these advanced designs.



Busbar Systems

Barduct Ltd

The business, though competing in a much smaller UK market, managed to maintain its profitable position as market leader despite a cutback in order intake levels.

As a direct result of the manufacturing licence from our European licensor, satisfactory volume gains were achieved for the 'A' line product range. The earlier investments made in both product and resources have consolidated the company as number one for engineered busbar trunking systems in the UK.

The Civil Aviation Authority selected Barduct to supply a busbar system for their 'En Route' centre, to the value of £600k. The ability to resolve a number of crucial technical requirements, including compliance with the EC's electromagnetic compatibility (EMC) directive, was a significant factor in winning the contract.

Phase 1 of the refurbishment of the National Semiconductors (UK) Ltd factory at Greenock resulted in orders being placed in excess of £280k for 'Compact' 'B' line and lighting trunking. Phase 2 was awarded to Barduct after the year end. New clients who awarded contracts in the period were Safeway Stores and Royal Mail sorting offices where a number of installations have been completed, with a programme of more to follow.

Successes during the period in the export markets include rising electrical mains for the Meridien and Gulf Hotels in Bahrain and for the British Bank of the Middle East in Dubai. Busbar systems have also been supplied for the Elfesima hospital in Greece. Scandinavian approvals resulted in an order for 'Beta' weatherproof trunking installed at an oil refinery in Gothenburg by international process contractors Kellogg.

Electrical / Instrumentation / Mechanical - Contracting

WHS, as this SBU is now designated both inside and outside the company, had a successful year with strong repeat orders from its traditional, largely north of England, industrial customer base.

The aggressive promotion of its new WHS livery and external image is intended to widen this traditional customer base and the addition of EI (Electrical Installations) in London and Coventry will accelerate this process.

EI is a very well known name in the contracting world and was acquired towards the end of the calendar year 1992 in line with our strategic development plan for this SBU.

The company was purchased from Raytheon and neatly provides established geographical bases and new customer relationships which have integrated rapidly into our well established Staveley Contracting culture. We are well pleased with the first six months of operation of this new member of our contracting services in the UK.

WHS Manchester

The Scottish Prison Service awarded an electrical and mechanical contract for night sanitation at Glenochil Prison valued at £1.2m. A similar contract was awarded by the Home Office in respect of HMP Grendon, a good example of our specialised electrical knowledge being put to continuing good use by customers of long standing.

National Westminster Bank placed a multi-service electrical and mechanical contract value £1.1m for the refurbishment of an existing data handling centre in Harrogate. An order worth £1.3m was received from TBV Limited for the electrical installations to the new waste tyres-to-energy project, the first of its type to be constructed in the UK. The order includes computers and main plant cabling, together with 2.2km of cable to the 33,000 volt local distribution network. An order for the mechanical installations associated with the new headquarters of the Co-operative Retail Society in Rochdale was placed by Wimpey, value £3.5m.

Finally, following successful completion of the A55 road tunnel at Conwy, North Wales, we were awarded a further two tunnel projects, one at Pen-y-Clip and the most recent, a £6m order for the Bute town link tunnel in Cardiff, South Wales, which covers the design and installation of all mechanical and electrical services.

WHS Bromborough and Blackburn
A new client, Bush Boake Allen, awarded an electrical and instrumentation contract for a musk compound plant at Widnes worth £750k and at Blaenau Ffestiniog high tension mains and distribution for a plastics extrusion plant valued at £200k was awarded by Blaenau Plastics.

At Blackburn, one of their prime clients, Philips, placed an order for £1.5m covering electrical and mechanical installations associated with a glass tank rebuild at their Simonstone Works. A multi-service electrical and mechanical order was completed for a mechanised letter office at Preston, value £1m and further works were completed for ICI Darwen, British Aerospace and Rolls-Royce.

WHS Sheffield and Cambridge
WHS relationships with the coal, steel and water industries continued with orders being received for rolling mill modifications at a value of £200k, for the electrical installation at United Engineering Steels, Stocksbridge and from British Coal for the design and installation of electrical services at Cwmbargoed disposal point, South Wales, valued at £400k.

Orders were received from the Anglian and Yorkshire water companies totalling £2m for electrical, instrumentation and mechanical work at Ingoldmells and Bowbridge and for telemetry schemes at various sites in East Anglia. WHS received orders for electrical and instrumentation services at the Newmarket Foods abattoir at Haverhill with a contract value of £375k and carried out electrical and mechanical services installations at the new multiplex cinema in Sheffield for Warner Bros Limited.

WHS Thornaby and Scunthorpe
Davy McKee (Stockton) Limited awarded a contract in excess of £600k for electrical and instrumentation associated with an iron desulphurisation project at British Steel, Lackenby, Teesside.

ICI Billingham ordered electrical and instrumentation work to be carried out on an annual term contract basis valued at £700k.

Two projects were successfully completed for British Steel at Scunthorpe Works involving electrical and instrumentation services inside the basic oxygen steelmaking plant on a new electrostatic precipitator and secondary ventilation scheme valued at £250k.

Throughout the year Tioxide, BASF, British Chrome and Chemical and Cornings continued to place orders for electrical and instrumentation services.

Building Services Contracting

MJN and Colston are the main brand names under which this SBU trades largely in the south of England from centres in Croydon, Bristol and Ipswich. In addition, under the Hall & Kay brand name we provide fire sprinkler installation and design services from the Midlands.

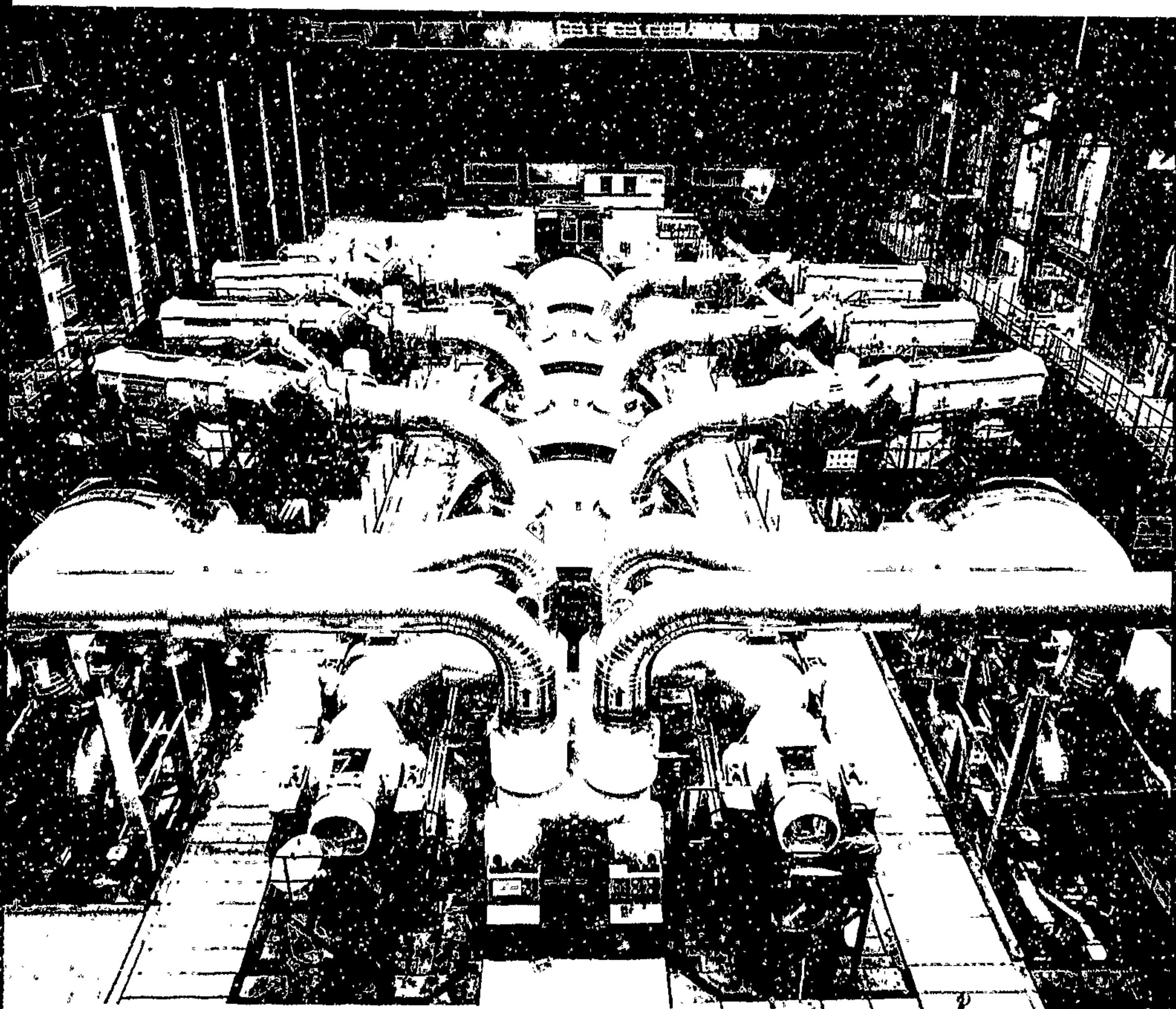
Overall this SBU had a good year based on a high opening order book although its traditional markets in the south east were hardest hit by the worst recession in the construction industry for 50 years.

MJN Croydon
During the year MJN Croydon received the order for the fit out contract for Chemical Bank at London Wall worth £4.5m, which included all mechanical, electrical, extra low voltage and sprinkler services. This project continued to reflect MJN's success in project managing fast track contracts in the banking and financial sectors.

MJN received an order worth £4.25m from Wates Construction for the mechanical, electrical and plumbing services for the new leukaemia block at Great Ormond Street Hospital.

Electrical / Instrumentation / Mechanical - Contracting

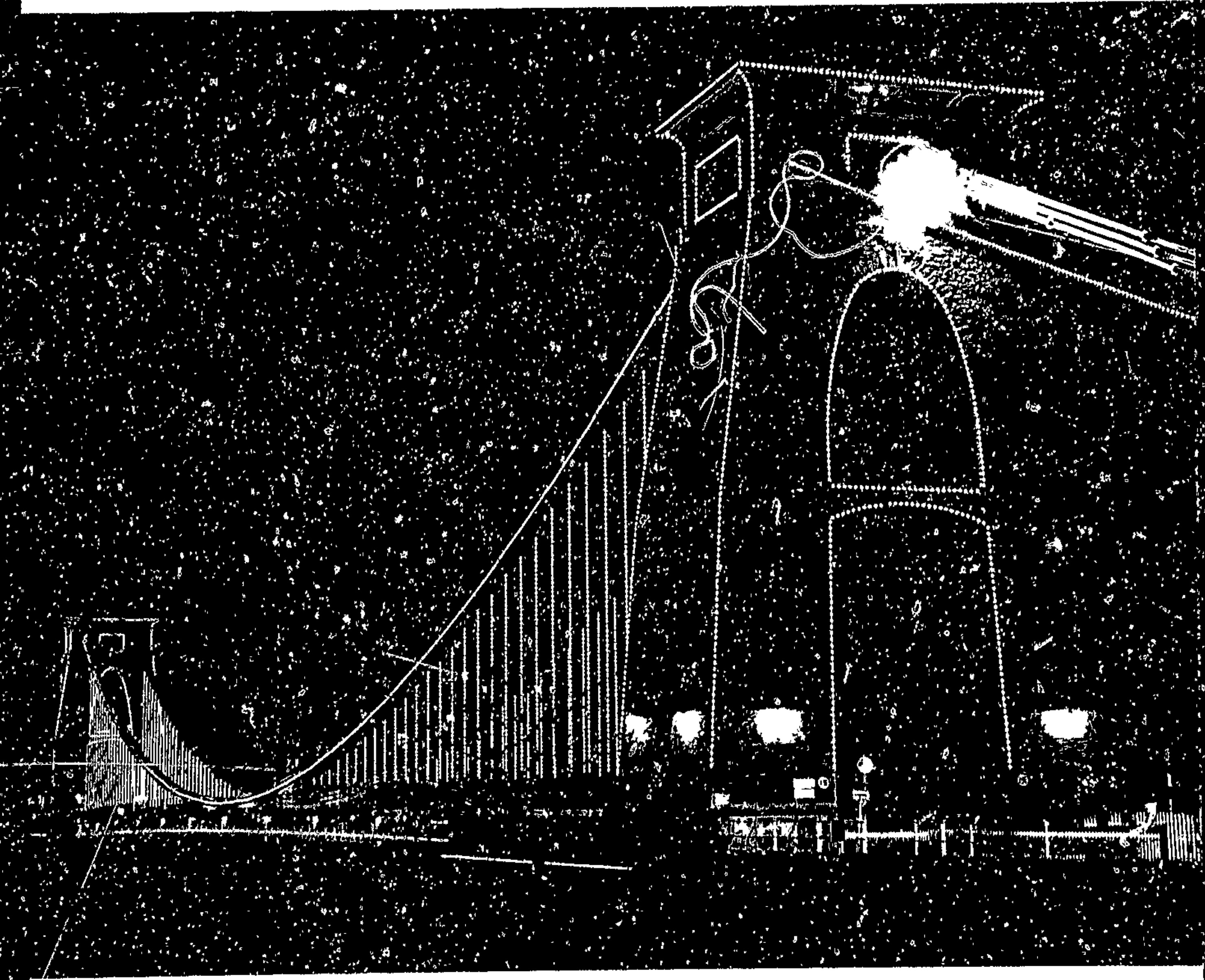
WHS Manchester was responsible for the cable design on the first Chinese Nuclear Power Station recently commissioned in Guangdong, China. This project was carried out on behalf of GEC Alsthom and some 15,275 cables were designed and selected for the non-nuclear side of the power station.



Building Services Contracting

This photograph shows Brunel's world famous suspension bridge across the Avon Gorge illuminated by the recently supplied electrical system installed by Colston Ltd, Bristol in conjunction with Howard Humphreys Limited.

Both energy saving and long life were key objectives, and by the use of low voltage, low energy incandescent lamps encased in sealed plastic strip modules, up to 80% energy savings are achieved, compared with the previous system.



During the year, MJN completed the refurbishment in twenty-two weeks of the lighting, ventilation and control services to the Piccadilly underpass, including all traffic routeing, the project being completed two weeks ahead of schedule. Clients in the banking, retail and property sectors continued to place orders throughout the year. The Bentalls shopping centre in Kingston-on-Thames was completed in December 1992. The whole of this £10.6m mechanical and electrical services scheme was installed within fifteen months.

Colston Bristol, Exeter, Bridgend

Colston received orders during the year for the mechanical, electrical and plumbing services at the Ministry of Agriculture, Food and Fisheries headquarters in Weymouth with a contract value of £4m, together with the mechanical, electrical, plumbing and medical gases services at the Wonford Hospital refurbishment project at Exeter worth £9m.

During the year Colston from their branch office in Exeter completed the prestigious new offices and factory for Western Morning News with a contract value of £6m. The architectural design was carried out by Nicholas Grimshaw and the project management by Bovis Construction. Having completed Phase I of the Lloyds Bank Building in Canons Marsh, Bristol, they were awarded a £6m order for the mechanical, electrical, air conditioning and specialist low voltage systems to Phase 2 of the development.

MJN Ipswich

MJN Ipswich received the order for the refurbishment of the Willis Corroon headquarters building at Trinity Square, London, the major part of which was the upgrading of the existing air conditioning system. In addition to this major project, MJN Ipswich received a number of orders for local works from a number of core clients, National Westminster Bank, Norwich Union, PSA and the Regional Health Authority. They also completed the mechanical services installation at the new headquarters for the European Bank for Reconstruction and Development in Bishopsgate.

Hall & Kay Fire Engineering

Hall & Kay Fire received orders for the sprinkler installation to the Heinz factory in Wigan, the Commercial Union bomb damage refurbishment project in the City and the Kimberly-Clark factory in Hull, as well as continuing to maintain orders from the retail trade, in particular Marks & Spencer, Tesco and Kwik-Save. During the year they completed the sprinkler installation at Terminal 2 Manchester Airport.


British Salt Ltd
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BRITISH SALT
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British Salt Ltd

STAVELEY MINERALS GROUP

The continuing expansion of our white salt activities in the UK market and the increasing importance of added value products have led to a reappraisal of this group's business focus.

Our Minerals Group now consists of four identifiable sectors which have quite different but complementary roles to play in the further profitable expansion of this business.

They are:

***Bulk white salt* (British Salt)**

Added value products

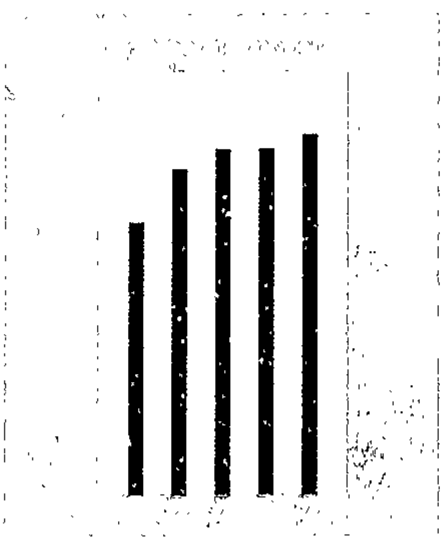
(Aquasol and Granulite)

***Brinefield services* (British Stasal)**

(Brine extraction and development)

Distribution services

(Road tanker fleet and railhead)



British Salt had another successful year with continuing efficiency savings counteracting the rigorous pricing formula imposed by the regulatory bodies on our bulk salt business.

Up to £4m of new capital has been invested this year in added value products and new processes. It is important while monitoring their profitable progress in future to recognise that without the high quality raw feedstock produced by the British Salt process plant such products would be far more difficult to manufacture.

Overall our salt activities had a good year despite the inevitable small disruptions which occur when many independent construction contractors share a site with a non-stop continuous process.

British Salt remained the UK market leader for bulk white salt throughout the year and despite yet another relatively mild winter in 1992 volume increased slightly which, against the recessionary market background, probably indicates some small gain in market share for the year as a whole.

It was encouraging to see the new water supply undertakings focus on even higher water quality standards and for us to see our products playing a full part in raising these standards in selected regions of the UK. This new application for sodium chloride will be an interesting market to monitor in future years as customer needs expand.

The chemical market for bulk salt was surprisingly strong and we achieved a satisfactory share of this important market.

The Aquasol compacted products continued to grow as the domestic water softening market grew even though new housebuilding was slow. The product has clearly gained technical leadership in the small specialised sector where salt based water softening techniques are suitable and most convenient.

To complement Aquasol in the domestic market we launched Granulite to the small industrial users at the end of the year on the completion of a new plant designed and built in the last 12 months on the British Salt site.

Both these products take vital, selected feedstock from the main process plant but we are trying to emphasise their quite different marketing focus compared with our traditional bulk white salt business. The distribution systems are very different as are customer needs. It is our endeavour to make these products suitable for wider markets at home and abroad.

Chronos Richardson supplied all the system design and equipment for the material handling facilities at this new Granulite plant. We have also recently commissioned a higher purity white salt stream using wash column techniques which can supply high grade salt to chemical companies who have ever increasing quality standards to meet from their users.

This increasing emphasis on total product quality is being supported by additional investments on more sophisticated analytical sampling techniques and equipment in our laboratories.

We have continued new investments in the automated bagging of our products and specific attention was given to the cost of palletising the bagged product and its final appearance ready for delivery to a customer's premises.

The site environmental issues are continually given full attention and we have no problems with either the plant effluents which are benign or the smoke stack emissions.

Finally, we have begun discussions with our workforce to try to reduce the rigours of the non-stop needs of the plant on their social time by introducing alternative shift patterns, and a wider sharing of selected maintenance duties. These changes will be underpinned by a comprehensive training programme which will lead to a wider skill base and more career development for employees.

Whilst health and safety standards on the site are extremely high the wider aspects of quality of life for all our employees is a growing factor in our overall employment policy on this site.

Compacted Products

This photograph illustrates the larger Aquasol compacted salt product suitable for domestic water softening systems alongside the recently launched smaller Granulite compacted product best suited for medium sized industrial water softening units.

Other Businesses

Energy conservation is now a key driver for many capital projects and none is more typical than the order received last year by John Hill & Sons (Iron Founders) for 75 large fan hubs made of SG 500/7 iron, supplied to Wind Energy Group for its North Wales Wind Farm, Cemmaes Site.

In this way a very old industry is applying its long experience to assist a very new industry in a cost effective way.

John Hill & Sons (Iron Founders) Ltd

This year was probably the toughest experienced in the past 50 years for our small jobbing iron foundry in Wolverhampton. The full brunt of the UK recession hit hard at this company's customer base.

Nevertheless, its management team improved on the result for the year compared with last year, despite four weeks of short time working.

This was achieved by pursuing new markets and gaining product quality approvals at significant new customers like NEI and Turbine Industries, which augurs well for the future.

In addition, selected penetration of the European market commenced, taking advantage of the UK departure from the ERM, and in France we secured orders for castings for security printing machines.

Tight control of costs in this environment is vital and this feature together with the introduction of a batch flow line for the smaller castings have underpinned the result for the year.

The company continues to meet the ever tightening demands of environmental legislators.

SS&P

Despite this company's dependency on the European automotive sector it had a much better year as the last two years' investment in increasing quality standards paid off.

We are now a Ford Q1 (high quality rating) supplier, and indeed this year achieved one of the highest scores recorded, in December 1992, for the supply of precision presswork from any supplier.

This has now assisted us to capture other similar spring components orders at General Motors for pre-tensioner seat belts and exhaust manifold clamping assemblies.

Some 35% of volume is now exported, largely to EC countries, but in addition eastern European users are also becoming longer term customers.

The painful restructuring of this business over the last three years is now completed and under the new management team it has a bright future as an important supplier of key components to the European car industry.

Analysis of Ordinary Shareholdings

Category	Number	%	Holding	%
Individuals	3,585	88.7	6,682,255	5.9
Insurance companies, banks, investment trusts, pension funds and other corporate holders	136	3.3	30,241,498	26.6
Nominee holdings	322	8.0	76,717,167	67.5
	4,043	100.0	113,640,920	100.0
Holdings				
1 to 2,500	3,066	75.8	2,476,104	2.2
2,501 to 10,000	698	17.3	3,334,545	2.9
10,001 to 50,000	126	3.1	2,823,019	2.5
50,001 to 250,000	75	1.9	9,783,000	8.6
250,001 to 500,000	26	0.6	9,684,478	8.5
500,001 and over	52	1.3	85,539,774	75.3
	4,043	100.0	113,640,920	100.0

Major Shareholders

As at 7 June 1993 the company had been notified of the following interests of 3% or more in the ordinary share capital of the company:

	Ordinary Shares	%
Barclays Bank PLC (declared as non-beneficial)	5,974,209	5.3
Norwich Union Life Insurance Society	5,047,610	4.4
Prudential Corporation Group	8,347,264	7.3
Robert Fleming Holdings Ltd	3,465,068	3.0
Schroder Investment Management Ltd	12,224,316	10.7
Scottish Provident / Prolific	4,585,000	4.0

Directors' Report

The Directors of Staveley Industries plc present their Report and Accounts for the 52 weeks ended 3 April 1993

Activities of the group

The principal companies of the group are shown on pages 62 and 63 and their activities are reviewed on pages 14 to 39, which form part of this report.

Results and dividends

The results for the period are shown in the consolidated profit and loss account on page 42. The directors recommend the payment of a final dividend for the period of 6.2p per ordinary share, payable on 10 August 1993 to members on the register at the close of business on 2 July 1993. Added to the interim dividend of 2.3p paid on 5 January 1993, this will make a total ordinary dividend for the period of 8.5p per share (1992 - 8.2p).

Research and development

The group's research and development is undertaken at subsidiary level and is described in more detail in the relevant operational reviews (pages 14 to 39).

Charitable and political donations

Donations of £21,742 (1992 - £9,750) were made during the period for charitable purposes in the United Kingdom. Political donations amounted to £2,000 (1992 - nil), consisting of a contribution of that amount paid to the Centre for Policy Studies.

Directors

The following directors held office during the period:

RD Armitage, KA Battey, RE Brown, MRB Gatenby, RA Hitchens, BH Kent, EJ Low and JM Woolley.

Mr Hitchens was appointed a director and chief executive on 1 October 1992.

Mr Armitage retires by rotation at the forthcoming annual general meeting, and Mr Hitchens retires in accordance with the provisions of the articles of association governing newly appointed directors. Both offer themselves for re-election. Both directors have a service contract which is terminable by the company on three years' notice. Mr Low retires by rotation at the meeting but does not stand for re-election.

No director had any material interest during the period in any contract of significance to the group's business. A statement of the interests of the directors in the company's shares and debentures is given on page 49.

The company maintains directors' and officers' liability insurance, which indemnifies the directors and officers of the company and its subsidiaries against claims made against them personally in the course of their duties.

Share capital

The directors' annual authority to issue shares in the company expires at the forthcoming annual general meeting, and it is proposed to renew this general discretionary authority until next year's annual general meeting for a total of 37,900,000 shares, being approximately one-third of currently issued ordinary share capital. This is Resolution No 6 in the notice of meeting, which will be proposed as an ordinary resolution.

It is likewise proposed to renew the directors' authority to issue a limited number of shares for cash without first offering them to the members pro rata to their shareholdings. This is the special resolution designated Resolution No 7 in the notice of meeting, and will allow for the issue of up to 5,684,000 shares in the period until next year's annual general meeting.

Tax status

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

Resolutions to reappoint Coopers & Lybrand as the company's auditors and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the board
RD Armitage
Director and Secretary
10 June 1993

Registered Office

Staveley House
11 Dingwall Road, Croydon, Surrey CR9 3DB

Consolidated Profit and Loss Account

For the 52 weeks ended 3 April 1993

	Note	1993 £m	*1992 £m
Results of continuing operations:			
Turnover	1	344.9	298.3
Cost of sales		(243.2)	(200.4)
Gross profit		101.7	97.9
Net operating expenses	1	(76.7)	(72.5)
Operating profit	1	25.0	25.4
Loss on the sale of operations	3	-	(1.8)
Profit on ordinary activities before interest		25.0	23.6
Interest	4	(0.6)	(1.2)
Profit before tax		24.4	22.4
Tax on profit on ordinary activities	5	(6.1)	(5.9)
Profit on ordinary activities after tax		18.3	16.5
Minority interests		-	(0.1)
Profit for the period	6	18.3	16.4
Dividends	7	(9.7)	(9.3)
Retained profit	17	8.6	7.1
Earnings per share	8	16.1p	15.1p

*Restated under FRS 3

The notes on pages 47 to 59 form part of these accounts. Auditors' report page 60.

Consolidated Statement of Total Recognised Gains and Losses

For the 52 weeks ended 3 April 1993

	1993 £m	1992 £m
Profit for the period	18.3	16.4
Unrealised surplus on revaluation of properties	-	2.0
	18.3	18.4
Currency translation adjustments	(2.3)	(0.3)
Total gains and losses recognised in the period	16.0	18.1

Reconciliation of Movements in Consolidated Shareholders' Funds

For the 52 weeks ended 3 April 1993

	1993 £m	1992 £m
Profit for the period	18.3	16.4
Dividends	(9.7)	(9.3)
	8.6	7.1
Other recognised gains and losses relating to the period	(2.3)	1.7
New share capital subscribed	1.3	27.6
Goodwill written off	(1.0)	(17.6)
Net addition to shareholders' funds	6.6	18.8
Opening shareholders' funds	77.5	58.7
Closing shareholders' funds	84.1	77.5

Balance Sheets

3 April 1993

	Note	The Group 1993 £m	The Group 1992 £m	The Company 1993 £m	The Company 1992 £m
Fixed assets					
Tangible assets	9	86.4	80.7	48.0	46.4
Investments	10	-	-	26.4	26.8
		86.4	80.7	74.4	73.2
Current assets					
Stocks	11	26.9	23.3	2.3	2.5
Debtors	12	98.4	85.7	92.8	71.9
Cash at bank	21	33.1	33.5	30.0	30.2
		158.4	142.5	125.1	104.6
Creditors: Amounts falling due within one year	13	(105.4)	(105.5)	(78.6)	(78.5)
Net current assets		53.0	37.0	46.5	26.1
Total assets less current liabilities		139.4	117.7	120.9	99.3
Creditors: Amounts falling due after one year	14	(47.5)	(33.6)	(43.6)	(28.3)
Provisions for liabilities and charges	15	(7.8)	(6.6)	(1.8)	(2.1)
Net assets		84.1	77.5	75.5	68.9
Capital and reserves					
Called up share capital	16	29.3	29.1	29.3	29.1
Share premium account	17	1.2	0.1	1.2	0.1
Revaluation reserve	17	28.4	28.9	20.2	20.7
Other reserves	17	4.2	5.2	4.2	5.2
Profit and loss account	17	21.0	14.2	20.6	13.8
		84.1	77.5	75.5	68.9

Approved by the board on 10 June 1993 and signed on its behalf by

BH Kent
Chairman

RA Hitchens
Director

RE Brown
Director

The notes on pages 47 to 59 form part of these accounts. Auditors' report page 60

Consolidated Cash Flow Statement

For the 52 weeks ended 3 April 1993

	Note	1993 £m	1993 £m	1992 £m	1992 £m
Net cash inflow from operating activities (see below)			21.9		24.0
Returns on investments and servicing of finance					
Interest received		2.7		2.1	
Interest paid		(3.3)		(3.3)	
Dividends paid to ordinary and preference shareholders		(9.3)		(8.1)	
Dividends paid to minority shareholders		-		(0.1)	
			(9.9)		(9.4)
Taxation			(6.5)		(4.2)
Investing activities					
Purchase of tangible fixed assets		(10.5)		(8.6)	
Investment in subsidiary companies		(0.2)		(16.2)	
Sale of tangible fixed assets		0.8		1.7	
Sale of businesses		-		2.5	
			(9.9)		(20.6)
Net cash outflow before financing			(4.4)		(10.8)
Financing	20				
Issue of ordinary share capital		1.3		28.4	
Expenses of issuing shares		-		(0.8)	
Repayment of bank loans		-		(5.1)	
Receipts from bank loans		11.4		-	
Capital element of finance lease rental payments		(0.4)		-	
Net cash inflow from financing			12.3		22.5
Increase in cash and cash equivalents	21		7.9		11.7

Reconciliation of operating profit to net cash inflow from operating activities:

	1993 £m	1992 £m
Operating profit	25.0	25.4
Depreciation charges	8.3	7.6
(Increase)/decrease in stocks	(0.1)	2.7
(Increase)/decrease in debtors	(9.2)	0.4
Decrease in creditors	(2.1)	(11.9)
Net cash inflow from continuing activities	21.9	24.2
Net cash outflow in respect of discontinued activities	-	(0.2)
Net cash inflow from operating activities	21.9	24.0

The notes on pages 47 to 59 form part of these accounts. Auditors' report page 60.

Accounting Policies

The following is a summary of the principal accounting policies adopted in the preparation of these accounts

Basis of consolidation

The group accounts are prepared in accordance with applicable accounting standards in the UK including, for the first time this year, FRS 3. The adoption of this standard has necessitated the restatement of information previously published for 1992.

The accounts combine the accounts of the parent and its subsidiary companies which are made up to the same date. In the case of acquisitions, trading results are consolidated from the date of acquisition and any difference between the price paid for new interests over the fair value of the net tangible assets at that date is transferred to reserves.

Turnover

Turnover, which excludes value added tax and sales between group companies, represents the amounts receivable by the group in respect of goods supplied and services rendered.

Operating profit

From time to time, the group, in the normal course of business, both acquires and disposes of businesses and fixed assets. Unless such items are material, the effects are included without special disclosure as an exceptional item.

Research and development

Group expenditure on research and development is written off when incurred.

Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned. For this purpose the principal lives adopted are as follows:

Freehold buildings	50 years
Leasehold buildings	50 years maximum
General manufacturing plant	10-25 years
Process plant	42 years maximum

Mineral reserves

Mineral reserves are carried in the balance sheet at valuation. No charge is made to the profit and loss account in respect of annual diminution as the expected future life of these reserves would make such a charge immaterial.

Leased assets

Assets acquired under finance leases, which transfer to the lessee substantially all benefits and risks of ownership, and the capital element of the related rental obligations, are included in the balance sheet. The interest element of rental obligations is charged against profit in proportion to the reducing capital element outstanding.

Rentals in respect of operating leases are written off to the profit and loss account as and when they become due.

Stocks, work in progress and long-term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

Long-term contracts are generally those exceeding a year in duration and are valued at cost, comprising direct expenditure and the relevant production overheads, plus the profit attributable to the work performed to date. The amounts recoverable from such contracts, being the excess of their valuation over payments received and receivable, are included in debtors. Provision is made for all losses expected to arise on completion of the contracts entered into at the balance sheet date, whether or not work on these has commenced.

Debtors

Bad debts are written off and specific provision is made for those debts considered to be doubtful.

Deferred tax

Provision is made for deferred tax using the liability method but not where, in the opinion of the directors, the potential tax liability is remote.

Foreign currency translation

Sales and results of overseas subsidiary companies and all foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Translation differences on the opening net assets of these companies are taken directly to reserves after setting off any differences arising on related borrowings; translation differences on borrowings which cannot be set off in this manner and other translation differences are taken to profit and loss account.

Pension costs

The pension schemes of the group are classified as either defined-benefit or defined-contribution schemes. In the former case, the cost to the group is, with actuarial advice, spread over the employees' service lives. In the latter case, the charge for pension costs is equal to the contributions payable to the schemes.

Notes to the Accounts

1 Turnover, Profit and Net Assets

Turnover by market supplied:	1993 £m	1992 £m
United Kingdom	214.9	185.8
USA	74.4	64.8
Europe	30.8	26.5
Rest of world	24.8	21.2
Total	344.9	298.3

Analysis of net operating expenses:	1993 £m	1992 £m
Distribution costs	10.8	8.8
Administrative expenses	66.9	64.7
Other operating income	(1.0)	(1.0)
Total	76.7	72.5

Segmental Analysis of Results and Net Assets

Business areas:	1993 Turnover £m	1993 Operating profit £m	1993 Net assets £m	1992 Turnover £m	1992 Operating profit £m	1992 Net assets £m
Measurement	153.0	8.4	60.1	131.4	8.1	50.8
M&E Services	152.9	4.4	5.8	129.6	5.6	3.0
Minerals	32.9	12.2	40.5	31.8	11.8	37.8
	338.8	25.0	106.4	292.8	25.5	91.6
Other businesses*	6.1	-	2.9	5.5	(0.1)	2.8
	344.9	25.0	109.3	298.3	25.4	94.4
Origin:						
UK and Europe	258.1	20.0	71.9	223.8	21.5	67.7
Rest of world**	86.8	5.0	37.4	74.5	3.9	26.7
	344.9	25.0	109.3	298.3	25.4	94.4
Central			(6.2)			(7.6)
Total capital employed			103.1			86.8
Net borrowings			(18.9)			(9.2)
Deferred taxation			(0.1)			(0.1)
Consolidated net assets			84.1			77.5

*Other businesses represents the Company's remaining small UK manufacturing operations

**Largely USA.

1 Turnover, Profit and Net Assets (continued)

	1993 £m	1992 £m
Operating profit is stated after charging:		
Depreciation of owned fixed assets	8.0	7.3
Depreciation of assets under finance leases	0.3	0.3
Directors' emoluments (see note 2)	1.3	1.2
Auditors' remuneration	0.5	0.5
Research and development expenditure	4.6	3.9
Operating lease rentals:		
Hire of plant and equipment	1.7	1.9
Other	1.2	1.6

Accounting and other advisory services were provided by Coopers & Lybrand to UK companies during the period at a cost of £0.1 million.

2 Directors and Employees

The weekly average number of personnel employed in the business areas was:	1993	1992
Measurement	2,540	2,594
Mechanical & Electrical Services	2,361	2,123
Minerals	222	235
	5,123	4,952
Other	180	153
	5,303	5,105

Staff costs were:	£m	£m
Aggregate gross wages and salaries	92.5	86.3
National Insurance contributions	10.5	10.2
Pension costs	2.1	1.5
	105.1	98.0

Emoluments of the directors including pension contributions were:	£'000	£'000
Executive directors	1,233	1,147
Non-executive directors	38	35
Pensions paid to former executive director	5	5

2 Directors and Employees (continued)

The emoluments (excluding pension contributions and benefits from share options) of the chairman, who was also the highest paid director, were £246,634 (1992 – £213,955) including performance linked bonus. The table below shows the number of other directors of the company whose emoluments, on the same basis, were within the bands stated:

	1993	1992
£10,001 - £15,000	1	1
£20,001 - £25,000	1	1
£100,001 - £105,000	-	1
£115,001 - £120,000	-	2
£130,001 - £135,000	1	1
£135,001 - £140,000	1	-
£140,001 - £145,000	1	-
£145,001 - £150,000	1	-
£150,001 - £155,000	1	-
£170,001 - £175,000	-	1

Directors' Interests

a) The directors in office at the end of the period had the following beneficial interests in the company's ordinary shares at the beginning and end of the period:

	at 3 April 1993	at 5 April 1992
R D Armitage	8,861	8,917
K A Battey	1,000	1,000
R E Brown	51,967	49,004
M R B Gatenby	1,500	1,500
R A Hitchens	10,000	-*
B H Kent	11,158	31,171
E J Low	5,000	1,500
J M Woolley	10,000	20,000

*at date of appointment

b) Options to subscribe for ordinary shares in the company granted to and exercised by the directors during the period were as follows:

	at 5 April 1992	options granted	options exercised	at 3 April 1993
R D Armitage	122,597	34,420	-	157,017
K A Battey	159,681	34,420	48,730	145,371
R E Brown	288,783	12,210	121,375	179,618
R A Hitchens	-*	208,841	-	208,841
B H Kent	145,761	-	37,143	108,618
E J Low	246,289	-	100,000	146,289

*at date of appointment

c) There are no non-beneficial interests and no director had any interest in the company's preference shares or loan stock.

d) During the period 4 April 1993 to 7 June 1993 an executive share option for 28,416 ordinary shares held by Mr Low was exercised by him and the shares were sold. There were no other changes in any of the above interests.

3 Loss on Sale of Operations

The loss of £1.8 million in 1992 arose from the disposal of two businesses, Bradley & Foster Limited and Aero Mechanism Inc. The related tax credit was £0.1 million.

4 Interest

	1993 £m	1992 £m
Interest payable and similar charges on bank loans and overdrafts and loans repayable within 5 years	3.3	3.3
Less: interest receivable	2.7	2.1
	0.6	1.2

5 Tax on Profit on Ordinary Activities

The charge for taxation is made up as follows:	1993 £m	1992 £m
UK corporation tax at 33%	5.9	6.1
Overseas taxation	0.5	(0.2)
Prior year adjustments	(0.3)	-
	6.1	5.9

The charge for the period was reduced by **£0.5 million** (1992 – increased by £1 million) arising from timing differences for which no deferred taxation had been provided. It was also reduced by **£0.8 million** (1992 – nil) due to utilisation of overseas tax losses.

6 Profit for the Period

Of the consolidated profit attributable to the shareholders of Staveley Industries plc, a profit of **£16.0 million** (1992 – £15.6 million) has been taken up in the accounts of the parent company. As permitted by section 230 of the Companies Act 1985, the parent company's own profit and loss account has not been included in these accounts.

7 Dividends

	1993 £m	1992 £m
Interim 2.3p per ordinary share paid	2.6	2.6
Final 6.2p (1992 – 5.9p) per ordinary share now recommended	7.1	6.7
	9.7	9.3

Half yearly dividends on the 5¼% cumulative preference shares of £1 each were paid on 30 September 1992 and 31 March 1993.

8 Earnings per Share

The calculation of earnings per share is based on earnings of **£18.3 million** (1992 – £16.3 million as restated under FRS 3) being the group profit for the period, less the preference dividend, and on the average number of ordinary shares in issue during the period of **113,080,888** (1992 – 107,646,604).

9 Tangible Fixed Assets

The Group

	Freehold properties £m	Long leases £m	Short leases £m	Plant and equipment £m	Total £m
Cost or valuation					
At 5 April 1992	44.9	1.5	6.9	62.1	115.4
Currency translation adjustments	1.6	-	0.7	2.7	5.0
New subsidiaries	0.2	-	-	0.2	0.4
Additions	0.4	-	0.1	10.0	10.5
Disposals	-	-	-	(4.1)	(4.1)
At 3 April 1993	**47.1**	**1.5**	**7.7**	**70.9**	**127.2**
Cost or valuation comprises					
Cost	13.3	1.1	7.7	70.9	93.0
Valuation 1986	3.8	0.4	-	-	4.2
Valuation 1991	20.0	-	-	-	20.0
Valuation 1992	10.0	-	-	-	10.0
Accumulated depreciation					
At 5 April 1992	1.5	0.1	1.7	31.4	34.7
Currency translation adjustments	0.1	-	0.1	0.9	1.1
Charge for period	0.8	-	0.3	7.2	8.3
Disposals	-	-	-	(3.3)	(3.3)
At 3 April 1993	**2.4**	**0.1**	**2.1**	**36.2**	**40.8**
Net book value					
At 3 April 1993	**44.7**	**1.4**	**5.6**	**34.7**	**86.4**
At 4 April 1992	43.4	1.4	5.2	30.7	80.7

The Company

	Freehold properties £m	Long leases £m	Short leases £m	Plant and equipment £m	Total £m
Cost or valuation					
At 5 April 1992	32.0	0.9	1.5	32.3	66.7
Additions	0.2	-	-	5.3	5.5
Disposals	-	-	-	(1.5)	(1.5)
At 3 April 1993	**32.2**	**0.9**	**1.5**	**36.1**	**70.7**
Cost or valuation comprises					
Cost	2.0	0.9	1.5	36.1	40.5
Valuation 1986	0.2	-	-	-	0.2
Valuation 1991	20.0	-	-	-	20.0
Valuation 1992	10.0	-	-	-	10.0

9 Tangible Fixed Assets (continued)

	The Company				
	Freehold properties £m	Long leases £m	Short leases £m	Plant and equipment £m	Total £m
Accumulated depreciation					
At 5 April 1992	0.9	0.1	0.7	18.6	20.3
Charge for period	0.7	-	0.1	2.8	3.6
Disposals	-	-	-	(1.2)	(1.2)
At 3 April 1993	**1.6**	**0.1**	**0.8**	**20.2**	**22.7**
Net book value					
At 3 April 1993	**30.6**	**0.8**	**0.7**	**15.9**	**48.0**
At 4 April 1992	31.1	0.8	0.8	13.7	46.4

a) The group's fixed assets at 3 April 1993 include assets at cost of **£8.6 million** (1992 – £8.3 million) which were still in use but which had been fully depreciated.

b) The net book value of the group's plant and equipment includes **£0.8 million** (1992 – £1 million) in respect of assets held under finance leases.

c) The historical cost and related depreciation of those assets included at valuation are as follows:

	The Group		The Company
	Freehold properties £m	Long leases £m	Freehold properties £m
Cost			
At 3 April 1993	**8.6**	**0.4**	**5.5**
At 4 April 1992	8.3	0.4	5.5
Depreciation			
At 3 April 1993	**2.3**	**0.1**	**1.8**
At 4 April 1992	2.2	0.1	1.8
Net book value			
At 3 April 1993	**6.3**	**0.3**	**3.7**
At 4 April 1992	6.1	0.3	3.7

10 Fixed Asset Investments

	The Company	
	1993 £m	1992 £m
Subsidiary companies at cost	**35.0**	34.8
Less: Amounts written off	**(8.6)**	(8.0)
	26.4	26.8

The movement in the period was as follows:	
At 5 April 1992	26.8
Additions at cost	0.2
Amounts written off in the period	(0.6)
At 3 April 1993	**26.4**

The principal companies of the group are shown on pages 62 and 63.

11 Stocks

The amounts attributable to the different categories are:

	The Group		The Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Raw materials and consumables	**12.9**	11.6	**1.4**	1.5
Work in progress	**8.4**	5.5	**0.2**	0.2
Finished goods and goods for resale	**5.6**	6.2	**0.7**	0.8
	26.9	23.3	**2.3**	2.5

The current replacement cost of stocks is not materially different from the historical cost.

12 Debtors

	The Group		The Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Amounts falling due within one year:				
Trade debtors	**74.7**	60.7	**38.3**	34.0
Amounts owed by subsidiaries	**-**	-	**40.8**	23.6
Amounts recoverable on contracts	**14.3**	14.1	**9.6**	9.3
Other debtors	**3.2**	5.7	**1.2**	1.9
Prepayments and accrued income	**2.7**	2.4	**0.8**	0.9
	94.9	82.9	**90.7**	69.7
Amounts falling due after one year:				
Trade debtors	**0.4**	0.6	**-**	-
Other debtors	**3.1**	2.2	**2.1**	2.2
	98.4	85.7	**92.8**	71.9

Advance corporation tax of **£2.1 million** (1992 – £2.2 million) on the proposed dividend is included in other debtors falling due after one year of both the group and the company.

13 Creditors: Amounts falling due within one year

	The Group		The Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Debenture loans	**2.8**	-	**2.8**	-
Bank loans and overdrafts	**1.4**	8.6	**-**	1.0
Obligations under finance leases	**0.4**	0.4	**-**	-
Payments received on account	**12.8**	8.0	**7.1**	6.1
Trade creditors	**44.7**	40.8	**29.6**	30.7
Amounts owed to subsidiaries	**-**	-	**14.4**	12.8
Other creditors including taxation and social security	**13.1**	14.6	**10.7**	12.8
Accruals and deferred income	**23.1**	26.4	**6.9**	8.4
Dividends proposed	**7.1**	6.7	**7.1**	6.7
	105.4	105.5	**78.6**	78.5

Debenture loans comprise 7½% unsecured loan stock redeemable at par on or before 30 September 1993.

Other creditors including taxation and social security includes corporate taxation of **£8.9 million** (1992 – £9.8 million) in the group and **£8.3 million** (1992 – £9.3 million) in the company.

14 Creditors: Amounts falling due after one year

	The Group		The Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Debenture loans (note 13)	**-**	2.8	**-**	2.8
Bank loans and overdrafts	**46.6**	29.7	**43.6**	25.5
Obligations under finance leases	**0.9**	1.1	**-**	-
	47.5	33.6	**43.6**	28.3
Bank loans and overdrafts are repayable:				
Between 1 and 2 years	**19.1**	1.5	**18.6**	-
Between 2 and 5 years	**26.7**	27.0	**25.0**	25.5
Over 5 years	**0.8**	1.2	**-**	-
	46.6	29.7	**43.6**	25.5

14 Creditors: Amounts falling due after one year (continued)

Bank loans and overdrafts of subsidiary companies of **£3.6 million** (1992 – £3.5 million) are repayable by instalments of which **£0.8 million** (1992 – £1.2 million) fall due for payment more than five years after the balance sheet date. The principal loan involved, which was inherited with the acquisition of Howe Richardson Inc and is denominated in Deutschmarks, totals **£3.3 million** (1992 – £3.3 million); this is secured by a charge on freehold property, is repayable by equal half-yearly instalments ending on 31 March 1999 and bears interest at 6½%.

	The Group	
	1993 £m	1992 £m
Finance lease obligations are payable:		
Between 1 and 2 years	**0.3**	0.3
Between 2 and 5 years	**0.5**	0.6
Over 5 years	**0.1**	0.2
	0.9	1.1

15 Provisions for Liabilities and Charges

	The Group		The Company	
	1993 £m	1992 £m	1993 £m	1992 £m
Pensions and similar obligations	**6.2**	4.4	**0.3**	-
Deferred taxation	**0.1**	0.1	**0.1**	0.1
Other items	**1.5**	2.1	**1.4**	2.0
	7.8	6.6	**1.8**	2.1

The provision made for deferred taxation and the full potential liability are set out below:

	Full potential liability 1993 £m	Provision made 1993 £m	Full potential liability 1992 £m	Provision made 1992 £m
The Group				
Accelerated tax allowances	**1.9**	**0.1**	1.7	0.1
Revaluation	**3.8**	**-**	3.9	-
Other	**(5.7)**	**-**	(1.1)	-
	-	**0.1**	4.5	0.1
The Company				
Accelerated tax allowances	**1.5**	**0.1**	1.2	0.1
Revaluation	**3.6**	**-**	0.4	-
Other	**(0.8)**	**-**	(1.0)	-
	4.3	**0.1**	0.6	0.1

16 Share Capital

	1993 £m	1992 £m
Authorised:		
113,640,920 (1992 – 112,742,724) ordinary shares of 25p each	28.4	28.2
940,000 5¼% cumulative preference shares of £1 each	0.9	0.9
82,599,080 (1992 – 83,497,276) unclassified shares of 25p each	20.7	20.9
	50.0	50.0
Allotted, called up and fully paid:		
113,640,920 (1992 – 112,742,724) ordinary shares of 25p each	28.4	28.2
940,000 5¼% cumulative preference shares of £1 each	0.9	0.9
	29.3	29.1

a) During the period 898,196 ordinary shares were allotted pursuant to the company's option schemes. The shares had an aggregate nominal value of £224,549 and were issued for an aggregate consideration of £1,261,135.

b) At 3 April 1993 there were options outstanding under the share savings schemes of 1982 and 1992 to subscribe for ordinary shares at prices of between 114.72p and 164p (1992 – 114.72p to 157.69p, 1982 scheme only) per share. The options are linked to Save-As-You-Earn contracts and in normal circumstances are exercisable for a six month period following completion of sixty months' payments, the earliest dates of exercise falling between the present time and 1 March 1998. At 3 April 1993 options were outstanding over a total of 2,822,039 (1992 – 2,471,301, 1982 scheme only) ordinary shares.

c) At 3 April 1993 there were options outstanding under the executive share option schemes of 1985 and 1992 for a total of 1,801,839 (1992 – 1,811,648, 1985 scheme only) ordinary shares of the company at subscription prices of between 118.68p and 205p (1992 – 118.68p to 176.94p, 1985 scheme only) per share exercisable at various dates from the present time to 2 December 2002

17 Reserves

The Group	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
At 5 April 1992	0.1	28.9	5.2	14.2	48.4
Retained profit for the period	-	-	-	8.6	8.6
Premium on issue of ordinary shares	1.1	-	-	-	1.1
Transfers	-	(0.5)	-	0.5	-
Goodwill	-	-	(1.0)	-	(1.0)
Currency translation adjustments	-	-	-	(2.3)	(2.3)
At 3 April 1993	**1.2**	**28.4**	**4.2**	**21.0**	**54.8**

The Company	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
At 5 April 1992	0.1	20.7	5.2	13.8	39.8
Retained profit for the period	-	-	-	6.3	6.3
Premium on issue of ordinary shares	1.1	-	-	-	1.1
Transfers	-	(0.5)	-	0.5	-
Goodwill	-	-	(1.0)	-	(1.0)
At 3 April 1993	**1.2**	**20.2**	**4.2**	**20.6**	**46.2**

The amount offset in reserves arising from the translation of borrowings used to finance overseas investments amounted to **£6.8 million.**

Goodwill written off to date on the acquisition of subsidiaries at 3 April 1993 amounted to **£88.6 million** (1992 – £87.6 million).

18 Capital Commitments

	The Group 1993 £m	The Group 1992 £m	The Company 1993 £m	The Company 1992 £m
Authorised and contracted for	**1.4**	3.2	**0.7**	2.2
Authorised but not contracted for	**0.9**	2.0	**0.5**	1.9

19 Leasing Obligations

	Property leases £m	Other leases £m
Annual rentals payable by the group on operating leases expiring:		
Within 1 year	0.3	0.2
Between 2 and 5 years	0.9	0.8
Over 5 years	1.4	0.1
	2.6	**1.1**

20 Analysis of Changes in Financing in the Period

	Share capital and premium £m	Debenture loans £m	Bank loans £m	Finance lease oblig'ns £m
At 5 April 1992	29.2	2.8	29.7	1.5
Cash inflows (outflows) from financing	1.3	-	11.4	(0.4)
Currency translation adjustments	-	-	5.5	0.2
At 3 April 1993	**30.5**	**2.8**	**46.6**	**1.3**

21 Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise:

	1993 £m	Changes in period £m	1992 £m
Cash at bank	**33.1**	(0.4)	33.5
Creditors: Amounts falling due within one year			
Bank loans and overdrafts	**(1.4)**	7.2	(8.6)
	31.7	6.8	24.9

The analysis of changes in cash and cash equivalents during the period is:

	£m
At 5 April 1992	24.9
Net cash inflow	7.9
Currency translation adjustment	(1.1)
At 3 April 1993	**31.7**

22 Pension Schemes

In the UK and Germany, the group's pension schemes are of the defined-benefit type and are administered in accordance with the advice of independent, professionally qualified actuaries. Elsewhere, they are for the most part of the defined-contribution type.

The UK scheme is externally funded. For the purpose of determining pension costs, an actuarial valuation was carried out on 5 April 1992 using the projected unit method. The main long-term assumptions were that the investment return would be 10% per annum, dividend increases 5% per annum, and that annual increases in pensions and earnings would be 3% and 8% respectively. The market valuation of the scheme's assets at that date was £88 million and their actuarial valuation represented 126% of the value of the accrued benefits. The surplus is being utilised by the continued suspension of the company's contribution and by progressively reviewing benefits.

The German scheme is internally funded with the balance sheet provision actuarially determined in accordance with local best practice and regulations.

The pension cost charge for the period in respect of all group pension schemes was **£2.1 million** (1992 – £1.5 million), see note 2.

During the period, the Staveley Industries Retirement Benefits Scheme held on average 979,200 ordinary shares of the company. This holding represented approximately 2% of the Scheme's total assets and less than 1% of the company's issued ordinary share capital.

23 Contingent Liabilities

a) Contingent liabilities at 3 April 1993 in respect of performance bonds, tender bonds and guarantees for third parties amounted to **£10.7 million** for the company and **£12.6 million** for the group (1992 – £11.9 million for the company and £13.2 million for the group). The company has also issued certain guarantees in respect of the liabilities of its subsidiary companies arising in the normal course of their trading activities.

b) Some of the subsidiaries' bank overdrafts are the subject of a company guarantee, and at 3 April 1993 the liability amounted to **£1.2 million** (1992 – £7.3 million). Certain others carry the right to be set off against the company's bank balances.

c) The company has subordinated part of its loans to certain subsidiaries in favour of the other ordinary creditors of those companies.

d) The company has a contingent liability of **£0.4 million** (1992 – £0.8 million) in respect of value added tax liabilities arising in subsidiary companies.

e) The company and certain subsidiaries are parties to legal actions and claims arising in the ordinary course of business. These actions are being contested and the directors have been advised, and believe, that they will be disposed of without material effect on the net assets of the business.

Directors' Responsibilities For The Preparation Of Accounts

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the group at the end of each financial year and of its profit for the year. In preparing the financial statements, the directors ensure that applicable accounting standards have been followed and that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used.

The directors are also responsible for maintaining adequate accounting records and for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the group are properly safeguarded and that fraud and other irregularities will be prevented or detected.

Auditors' Responsibilities

The auditors are required to form an independent opinion on the financial statements presented by the directors, based on their audit, and to report their opinion to the shareholders. The Companies Act 1985 also requires the auditors to report to shareholders if the following requirements are not met:

- that the company has maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that the directors' emoluments and other transactions with directors are properly disclosed in the financial statements;
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit; and
- that the Directors' Report is consistent with the financial statements.

Auditors' Report

To the members of Staveley Industries plc

We have audited the accounts on pages 42 to 59 in accordance with 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 3 April 1993 and of the profit, total recognised gains and cash flows of the group for the period of 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors

London, 10 June 1993

Notice of Meeting

Notice is hereby given that the annual general meeting of Staveley Industries plc will be held at The London Hilton Hotel, 22 Park Lane, London W1A 2HH on Wednesday 28 July 1993 at 12 noon in the Crystal Palace Room to consider and, if thought fit, to pass the following resolutions, of which Nos 1 to 6 will be proposed as Ordinary Resolutions and No 7 as a Special Resolution:

Resolution No 1

To receive the directors' report and the accounts for the 52 weeks ended 3 April 1993 and to declare a final dividend for the period.

Resolution No 2

To re-elect Mr RD Armitage, a director retiring by rotation.

Resolution No 3

To re-elect Mr RA Hitchens, a director appointed since the last annual general meeting.

Resolution No 4

To reappoint the auditors, Coopers & Lybrand.

Resolution No 5

To authorise the directors to fix the remuneration of the auditors.

The following resolutions as special business:

Resolution No 6

That:

a) the directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next annual general meeting (or 28 October 1994 if earlier) all the powers of the company to allot relevant securities up to an aggregate nominal amount of £9,475,000

b) by such authority and power the directors may make offers or agreements which would or might require the allotment of relevant securities after the expiry of such period

c) words and expressions defined in or for the purposes of the said section shall bear the same meanings in this resolution.

Resolution No 7 (Special Resolution)

That:

a) during the period from the date hereof to the date of the next annual general meeting (or 28 October 1994 if earlier) the directors be empowered to allot equity securities wholly for cash pursuant to the resolution conferring authority under section 80 of the Companies Act 1985 passed on the date hereof:
(i) in connection with a rights issue; and
(ii) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £1,421,000
as if section 89(1) of the said Act did not apply to any such allotment

b) by such power the directors may during such period make offers or agreements which would or might require the allotment of equity securities after the expiry of such period; and

c) for the purposes of this resolution.
(i) 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to 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);
(ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the company, the nominal amount of such shares which may be allotted pursuant to such rights; and
(iii) words and expressions defined in or for the purposes of Part IV of the said Act shall bear the same meanings herein.

By order of the board
RD Armitage
Director and Secretary

Staveley House
11 Dingwall Road
Croydon
Surrey CR9 3DB

5 July 1993

This notice is being sent to all shareholders and loan stockholders but only ordinary shareholders are entitled to attend and vote at the meeting. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. The proxy need not be a shareholder of the company. A form of proxy accompanies this report, and to be effective must be completed, signed, detached along the perforation and lodged with the company's registrars, Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for the meeting. The tear-off attendance card is for the convenience of shareholders wishing to attend in person. Copies of the directors' service contracts will be available for inspection at the registered office during usual business hours from the date of this notice until the day of the meeting and at the place of the meeting from 11.45am. If the proposed dividend is approved, dividend warrants will be posted on 9 August 1993.

Principal Companies

and Divisions

STAVELEY
INDUSTRIES

Staveley Industries plc
Staveley House, 11 Dingwall Road
Croydon CR9 3DB
United Kingdom
Tel +44 (0) 81 688 4404

* **Staveley Inc** (USA)
401 Merritt 7, PO Box 5023
Norwalk CT 06856-5023, USA
Tel (0101) 203 845 7901

STAVELEY
MEASUREMENT GROUP

STAVELEY
WEIGHING & SYSTEMS GROUP

401 Merritt 7, PO Box 5023
Norwalk CT 06856-5023, USA
Tel (0101) 203 845 7901

CHRONOS
RICHARDSON

* **Arcona Verbrauchsgüter GmbH** (Germany)
* **Staveley GmbH** (Germany)
Reutherstrasse 3
D-5202 Hennef 1, Germany
Tel (010 49) 22 42 8830

* **Chronos Richardson GmbH** (Germany)
Reutherstrasse 3
D-5202 Hennef 1, Germany
Tel (010 49) 22 42 8830

* **Chronos Richardson Inc** (USA)
435 Hamburg Turnpike, Wayne
New Jersey 07470, USA
Tel (0101) 201 595 7979

** **Chronos Richardson Ltd**
Arnside Road, Bestwood
Nottingham NG5 5HD
Tel (0602) 608181

* **Chronos Richardson SA**
(France)
2-4 Avenue de la Cerisaie
Platanes 306
F-94266 Fresnes Cedex, France
Tel (010 33) 146 154040

also
Milano Oltre - Palazzo Cimabue
Via Cassanese, 224
20090 Segrate, Milano, Italy
Tel (010 39) 2 210 7322

ASHWORTH
WEYRITE

* **E&A Ashworth Ltd**
Crown Engineering Works
Staincliffe Road, Dewsbury
West Yorkshire, WF13 4RJ
Tel (0924) 462143

HOWE
RICHARDSON

*§**Howe Richardson Inc** (Canada)
217 Brunswick Blvd, Pointe Claire
Québec H9R 4R7, Canada
Tel (0101) 514 695 0380

SALTER
ABBEY

†† **Salter Abbey Weighing Machines**
St Botolph's Lane
Bury St Edmunds, Suffolk IP33 2AX
Tel (0284) 761321

STAVELEY
M & E SERVICES GROUP

BARDUCT
BUSBAR SYSTEMS

Barduct Ltd
Crockford Lane, Chineham
Basingstoke, Hants RG24 9AD
Tel (0256) 24751

MJN

MJN Ltd
Staveley House
11 Dingwall Road
Croydon CR9 3DB
Tel (081) 686 5577

† **MJN Ipswich**
Norris House, Hadleigh Road,
Ipswich, Suffolk IP2 0HU
Tel (0473) 257171

H&K

† **Hall & Kay Fire Engineering**
Burnt Tree House, Burnt Tree
Tipton, West Midlands DY4 7UE
Tel (021) 522 2050

COLSTON

Colston Ltd
Grosvenor House
149 Whiteladies Road
Bristol BS8 2RA
Tel (0272) 743371

STAVELEY
MINERALS GROUP

BRITISH SALT

British Salt Ltd
Cledford Lane, Middlewich
Cheshire CW10 0JP
Tel (0606) 832881

Granulite

Δ **Compacted Products**
Cledford Lane, Middlewich
Cheshire CW10 0JP
Tel (0606) 832881

Other Businesses

John Hill & Sons (Iron Founders) Ltd
Albion Street, Horseley Fields
Wolverhampton WV1 3DB
Tel (0902) 351445

* **Salter Springs & Pressings Ltd**
Spring Road, Smethwick
Warley, West Midlands B66 1PF
Tel (021) 553 2929

salter

* **Salter Housewares Ltd**
Unit 4, 211 Vale Road
Tonbridge, Kent TN9 1SU
Tel (0732) 354828

SALTER WEIGH-TRONIX

* **Salter Industrial Measurement Ltd**
George Street, West Bromwich
West Midlands B70 6AD
Tel (021) 553 1855

SALTER WEIGHTRONIX

* **Salter Weightronix Pty Ltd** (Australia)
1 Apollo Court, Blackburn
Victoria 3130, Australia
Tel (010 61) 3 894 2444

TODD SCALES

Todd Scales Ltd
Studlands Park Estate
Newmarket, Suffolk, CB8 7AU
Tel (0638) 664434

WEIGH-TRONIX

* **Weigh-Tronix Inc** (USA)
PO Box 1000
1000 Armstrong Drive, Fairmont
Minnesota 56031, USA
Tel (0101) 507 238 4461
also
PO Box 1501
2320 Airport Boulevard
Santa Rosa, California 95402, USA
Tel (0101) 707 527 5555

* **Aurora-Weigh-Tronix Inc** (Canada)
230 Edward Street, Aurora
Ontario L4G 3L6, Canada
Tel (0101) 416 727 5892

STAVELEY NDT TECHNOLOGIES

CONAM INSPECTION INC

* **Conam Inspection Inc** (USA)
1247 West Norwood, Itasca
Illinois 60143, USA
Tel (0101) 708 773 9400

NORTEC

METROTEK

SONIC

* **Staveley Instruments Inc** (USA)
421 North Quay, Kennewick
Washington 99336, USA
Tel (0101) 509 735 7550

* **Staveley Sensors Inc** (USA)
91 Prestige Park Circle
East Hartford, Connecticut
06108, USA
Tel (0101) 203 289 5428

WHS

WHS Limited
Carnarvon Street
Manchester M3 1HJ
Tel (061) 832 6062

ELECTRICAL INSTALLATIONS

Electrical Installations Limited
65 Vincent Square
London SW1P 2NX
Tel (071) 834 2266

MJN MAINTENANCE

† **MJN Maintenance**
145 London Road
Croydon CR0 2RG
Tel (081) 688 6555

† **MJN Newcastle**
Norris House, Crawhall Road
Newcastle-upon-Tyne NE1 2BB
Tel (091) 261 1071

BRITISH STASAL

Δ **Brine Production**
Cledford Lane, Middlewich
Cheshire CW10 0JP
Tel (0606) 832881

Δ **Distribution**
Cledford Lane, Middlewich
Cheshire CW10 0JP
Tel (0606) 832881

1 Except where indicated (in brackets after the name) all companies are incorporated in Great Britain and registered in England. The country of incorporation is also the principal country of operation

2 All companies shown are included in the consolidated accounts, and their share capital is 100% owned. Their share capital consists wholly of ordinary or common shares held by the company, except as annotated as follows:
* companies the shares of which are held by a subsidiary
** ordinary shares held by a subsidiary and preferred ordinary shares held by the company
# ordinary and deferred shares
A and B ordinary shares
§ common and preference shares

3 Other symbols are:
† division of MJN Ltd
†† division of Salter Industrial Measurement Ltd
Δ division of Staveley Industries plc

4 The companies shown are the principal subsidiary companies and divisions. Other subsidiaries and related companies are included in a full list to be filed with the company's annual return

Financial Calendar

28 July 1993	**130th Annual General Meeting**
10 August 1993	Payment of final dividend for the 52 weeks ended 3 April 1993
30 September 1993	Payment of preference dividend for the half year ending 30 September 1993 Repayment of 7½% unsecured loan stock 1988/93, with final interest payment for the half year ending 30 September 1993
November 1993	Announcement of results for the 26 weeks ending 2 October 1993
4 January 1994	Payment of interim dividend for the 52 weeks ending 2 April 1994
31 March 1994	Payment of preference dividend for the half year ending 31 March 1994
June 1994	Announcement of results for the 52 weeks ending 2 April 1994
July 1994	131st Annual General Meeting

STAVELEY
INDUSTRIES

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