

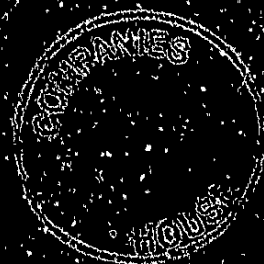
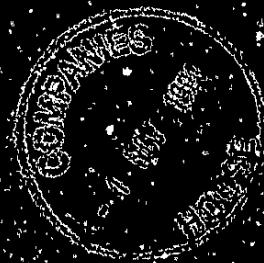
NEW UNION HOLDINGS LTD

Report & Accounts

for the period ended 30 March 1991

Registered No.2477437

Coopers
& Lybrand
Deloitte



NEW UNION HOLDINGS LTD

Report & Accounts

for the period ended 30 March 1991

Registered No.2477437

COMPANIES HOUSE

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NEW UNION HOLDINGS LTD

Directors' Report

The directors present their first report and audited accounts from the company's incorporation on 6 March 1990 to 30 March 1991.

Principal activity and Fixed Assets

The company was incorporated as a holding and investment company and during the period the company acquired a direct or indirect interest in a major part of the overseas group undertakings of the group headed by its parent, Staveley Industries plc. Such interests are held for investment and management on a long-term basis and no change in this is foreseen. The company's group undertakings are engaged principally in the manufacture, sale and servicing of plant and equipment for industrial weighing, processing and bagging and for non-destructive testing.

The directors consider the company's financial position to be satisfactory.

Results

The results for the period are set out in the profit and loss account on Page 4.

Dividend

The directors do not recommend a dividend.

Directors

The following served as directors during the period:

R D Armitage
F Blurton
Mrs V Cohen

Messrs Armitage and Blurton were appointed directors on 6 March 1990 on which date Mrs Cohen, who was the first director of the company, resigned.

The directors are indemnified under a Staveley group insurance policy against claims made against them personally in the course of their duties.

Directors' interests

The directors in office at the end of the period held the following interests in the ordinary shares of the parent undertaking Staveley Industries plc:

Staveley Industries plc
ordinary shares of 25p each

	at 30 March 1991	at 1 April 1990
F Blurton	7,055	4,555

Mr Armitage is a director of Staveley Industries plc and his interests are not required to be disclosed herein.

Options to subscribe for ordinary shares in Staveley Industries plc granted to and exercised by the directors during the period were as follows:

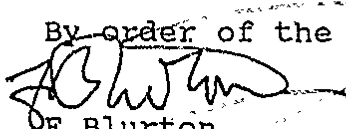
	at 1 April 1990	options granted	options exercised	at 30 March 1991
F Blurton	5,271	213	-	5,484

No other notifiable interests were held at the beginning or end of the period.

Auditors

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

By order of the board


F Blurton

Director and Secretary

Registered office

Staveley House
11 Dingwall Road
Croydon
Surrey CR9 3DB

3 June 1991

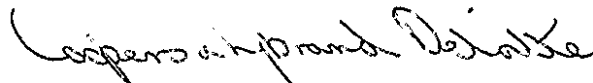
REPORT OF THE AUDITORS TO THE MEMBERS OF
NEW UNION HOLDINGS LTD

We have audited the accounts set out on Pages 4 to 9 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 March 1991 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

The accounts do not contain a statement of Source and Application of Funds as required by the Statement of Standard Accounting Practice No. 10 since, in the opinion of the directors, the level of inter-group funding renders the production of such statements inappropriate.

London
13 June 1991


Coopers & Lybrand Deloitte
Chartered Accountants

NEW UNION HOLDINGS LTD

PROFIT & LOSS ACCOUNT

for the period ended 30 March 1991

1991

£

PROFIT/(LOSS) ON ORDINARY
ACTIVITIES AFTER TAXATION

£ -

STATEMENT OF RETAINED PROFITS

Retained profits at the
beginning and end of the period

£ -

The notes on Pages 6 to 9 form part of these accounts.
Report of the auditors - page 3

NEW UNION HOLDINGS LTD

BALANCE SHEET
30 March 1991

	Note	1991 £
FIXED ASSETS		
Investments	1	6
CURRENT ASSETS		
Debtors	2	2
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	3	<u>5</u>
NET CURRENT ASSETS		<u>3</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 3</u>
CAPITAL & RESERVES		
Called up share capital	4	3
Profit & Loss Account		<u>-</u>
		<u>£ 3</u>

These accounts were approved by the Board on 3 June 1991 and are signed on its behalf by:

F Blurton

R D Armitage

Directors

The notes on Pages to 6 to 9 form part of these accounts
Report of the auditors - page 3

NEW UNION HOLDINGS LTD

30 March 1991

ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

NOTES TO THE ACCOUNTS

1. FIXED ASSET INVESTMENTS

Unlisted investments:

Group undertaking shares,
at cost

£ 6

£6 was added to the cost of group undertaking shares during the period of which £NIL was written off.

NEW UNION HOLDINGS LTD
NOTES TO THE ACCOUNTS (continued)

1. FIXED ASSET INVESTMENTS continued

The company is a wholly-owned group undertaking of an immediate parent undertaking established in the EEC and is included in the group accounts of that parent undertaking, which is Staveley Industries plc, registered in England. By virtue of this and compliance with the other requirements of section 228 of the Companies Act 1985, the Company is exempt from the obligation to prepare and deliver group accounts.

The company's group undertakings are given below and are wholly owned except where stated:

Directly Held

Country of
Incorporation

Salter Holland BV	Netherlands
Staveley SA	Luxembourg
Staveley Investments Inc	USA

Indirectly Held

Automatisation Internationale SA	France
EBL Co Inc	USA
Fieldpoint Finance BV	Netherlands
Staveley Sensors Inc	USA
Sonic Systems Inc	USA
Staveley Instruments Inc	USA
Staveley Systems Inc	USA
Staveley Far East Corporation	USA
Staveley Far East Engineering Ltd (20% held)	Hong Kong
Staveley Delaware Inc	USA
Staveley Inc	USA
Rosbanks Inc	USA
Staveley NDT Technologies Inv	USA
Staveley Technologies KK	Japan
W H Smith Electrical Engineers (Hong Kong) Ltd	Hong Kong
Weigh-Tronix Inc (57% held)	USA
Weigh-Tronix International Inc (57% held)	USA
Conam Inspection Inc	USA
Staveley Aerospace Systems Inc	USA
National Controls Inc (57% held)	USA
Aurora-Weigh-Tronix Inc (57% held)	Canada
Aurora Scale Holdings Ltd (57% held)	Canada
Aurora Scale Manufacturing Ltd (57% held)	Canada
Staveley Enterprises (British Columbia) Inc (57% held)	Canada
Staveley Rentals Ltd (57% held)	Canada
Stavex Leasing Corporation (57% held)	Canada
Staveley Investments (Canada) Inc (57% held)	Canada
172280 Canada Inc (57% held)	Canada

Indirectly HeldCountry of
Incorporation

Aeromechanism Inc	USA
Chronos Richardson Inc	USA
Howe Richardson Scale Inc	USA
Indchem Instrumentation Ltd (40% held)	India
Howe Richrdson Inc	Canada
Chronos Richardson SA	France
Chronos Richardson Ltd	England
Chronos Richrdson Australia Pty Ltd (40% held)	Australia
Chronos Richardson Packaging Systems Private Ltd (40%)	India
Dactron Ltd	England
Mangood Ltd	England
Railweight Ltd	England
Semco-Chronos Richardson Equipment Industries Ltda (40% held)	Brazil
Chronos Richardson (Investments) ltd	England
Staveley International plc	England
Howe Richardson Scale Co Ltd	England
Staveley GmbH	Germany
Arcona Verbrauchsguter GmbH	Germany
SSP Federnfabrik Nord GmbH	Germany
Chronos Richardson GmbH	Germany

NEW UNION HOLDINGS LTD
NOTES TO THE ACCOUNTS (continued)

	1991	1990
2. DEBTORS		
Amounts owed by parent undertaking	<u>£ 2</u>	<u>£ -</u>
3. CREDITORS		
Amounts owed to group undertakings	<u>£ 5</u>	<u>£ -</u>
4. SHARE CAPITAL		
Authorised:		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ -</u>
Allotted, called up and fully paid: 3 ordinary shares of £1 each	<u>£ 3</u>	<u>£ -</u>

The company was incorporated with two subscribers taking one share each. During the period, a further one ordinary share of £1 par value was allotted in consideration for the purchase of the entire issued share capital of a fellow group undertaking Staveley International plc.

5. ULTIMATE PARENT COMPANY

The directors consider Staveley Industries plc, which is incorporated in Great Britain, to be the ultimate parent company.

Regd No 866

Staveley Industries plc



Annual Report and Accounts 1991

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Financial Highlights

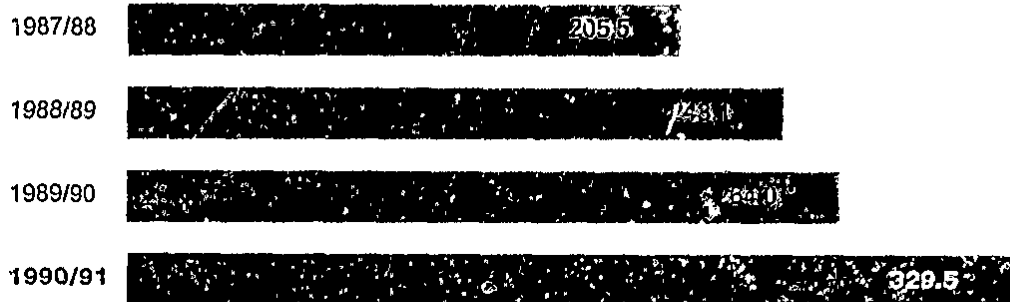
		1991	1990
Sales up 2%	Turnover	£324.5m	£264.0m
	Operating Profit		£27.6m
Lower interest on higher borrowings	Net interest		£3.1m
Pre-tax profits up 14%	Profit before tax	£28.0m	£24.5m
Minimal dilution	Earnings per share	21.2p	21.6p*

COMPANIES HOUSE, CARDIFF
LONDON CARDIFF

27 AUG 1991 3 AUG 1991

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Financial Statistics



Earnings per share
pence



Adjusted for
14 mgM share
in April 1991

1987/88	9.4	% Profit Margin on Sales
1988/89	10.0	
1989/90	10.4	
1990/91		

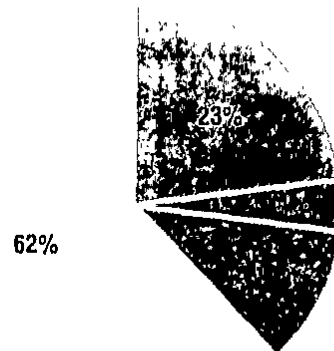
1987/88	27.1	% Return on Capital
1988/89	28.4	
1989/90	30.3	
1990/91		

1987/88	5.7	Total Dividends per share pence
1988/89	6.8	
1989/90	7.6	
1990/91		

A Better Balanced Group

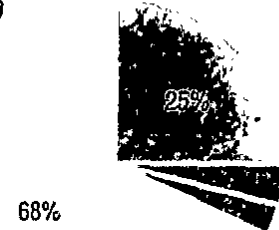
Geographical Sales Mix

1991



62% £205.3m United Kingdom
 23% £75.2m North America
 10% £35.4m Europe
 5% £13.6m Rest of the World
£329.5m Total Sales

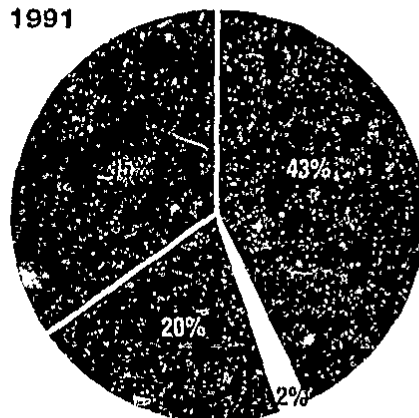
1990



68% £180.0m United Kingdom
 25% £65.4m North America
 5% £8.1m Europe
 2% £10.5m Rest of the World
£264.0m Total Sales

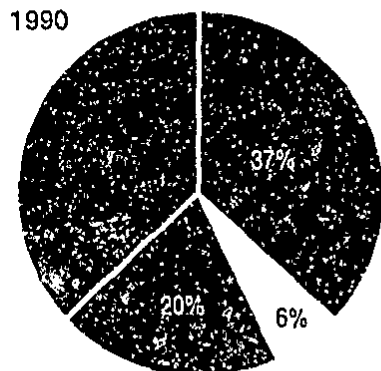
Trading Profit Mix

1991



43% £13.5m Measurement
 35% £11.1m Minerals
 20% £6.4m Mechanical & Electrical
 2% £0.6m Manufacturing
£31.6m Total Trading Profit

1990



37% £10.4m Measurement
 32% £10.3m Minerals
 20% £5.5m Mechanical & Electrical
 6% £1.7m Manufacturing
£27.9m Total Trading Profit

Five Year Record

	1987 £m	1988 £m	1989 £m	1990 £m	1991 p
Turnover	199.3	205.5	243.1	264.0	329.5
Profit before tax	14.2	18.1	21.8	24.5	29.0
Retained profit	5.6	6.1	8.6	7.3	10.0
Capital employed					
Fixed assets and investments	52.0	51.5	70.2	72.0	81.0
Working capital excluding borrowings	15.3	19.6	15.4	18.9	8.5
Total capital employed	67.3	71.1	85.6	90.9	89.5
Funded by					
Ordinary shares	18.3	18.6	18.7	18.7	23.5
Reserves	34.5	38.4	38.3	43.1	32.3
Ordinary shareholders' funds	52.8	57.0	57.0	61.8	57.8
Preference shares	0.9	0.9	0.9	0.9	1.0
Net borrowings	9.0	8.2	21.9	21.7	24.4
Deferred tax	0.7	0.5	0.3	0.1	0.1
Minority interests	3.9	4.5	5.5	6.4	5.9
	67.3	71.1	85.6	90.9	89.5
Profit margin (%)	7.7	9.4	10.0	10.4	9.5
Dividend per ordinary share (p)	5.0	5.7	6.8	7.6	8.2
Earnings per share (p)	15.4*	15.5*	19.4*	21.6*	21.2
Return on capital (%)	22.8	27.1	28.4	30.3	34.3
Gearing (%)	17.0	14.5	38.6	35.2	42.1

*Adjusted for 14 rights issues in April 1990

Board of Directors

Brian H Kent 59

BSc (Eng), CEng, FIMechE, FIEE

- Chairman and Group Chief Executive
- Appointed to Board 1.5.78
- Vice-President - Institution of Mechanical Engineers

Roderick D Armitage 47

Barrister, FCIS

- Legal Director and Company Secretary
- Appointed to Board 1.8.89

Richard E Brown 53

FCA

- Finance Director
- Appointed to Board 1.4.72

Edward J Low 60

CEng, FIMechE, FIProdE, MCIM

- Executive Director
- Appointed to Board 1.10.87

Alan R Styles 55

CEng, MIEE

- Executive Director
- Appointed to Board 1.10.87

Keith A Battey 48

MCIBSE

- Executive Director
- Appointed to Board 14.11.90

J Moger Woolley 56

BSc

- Non-Executive Director
- Appointed to Board 14.11.90
- Non-Executive Director Bristol Waterworks Company
- Chairman - Dolphin Packaging plc
- Non-Executive Director United Bristol Health Care Trust

Michael R B Gatenby 46

MA (Cantab), FCA

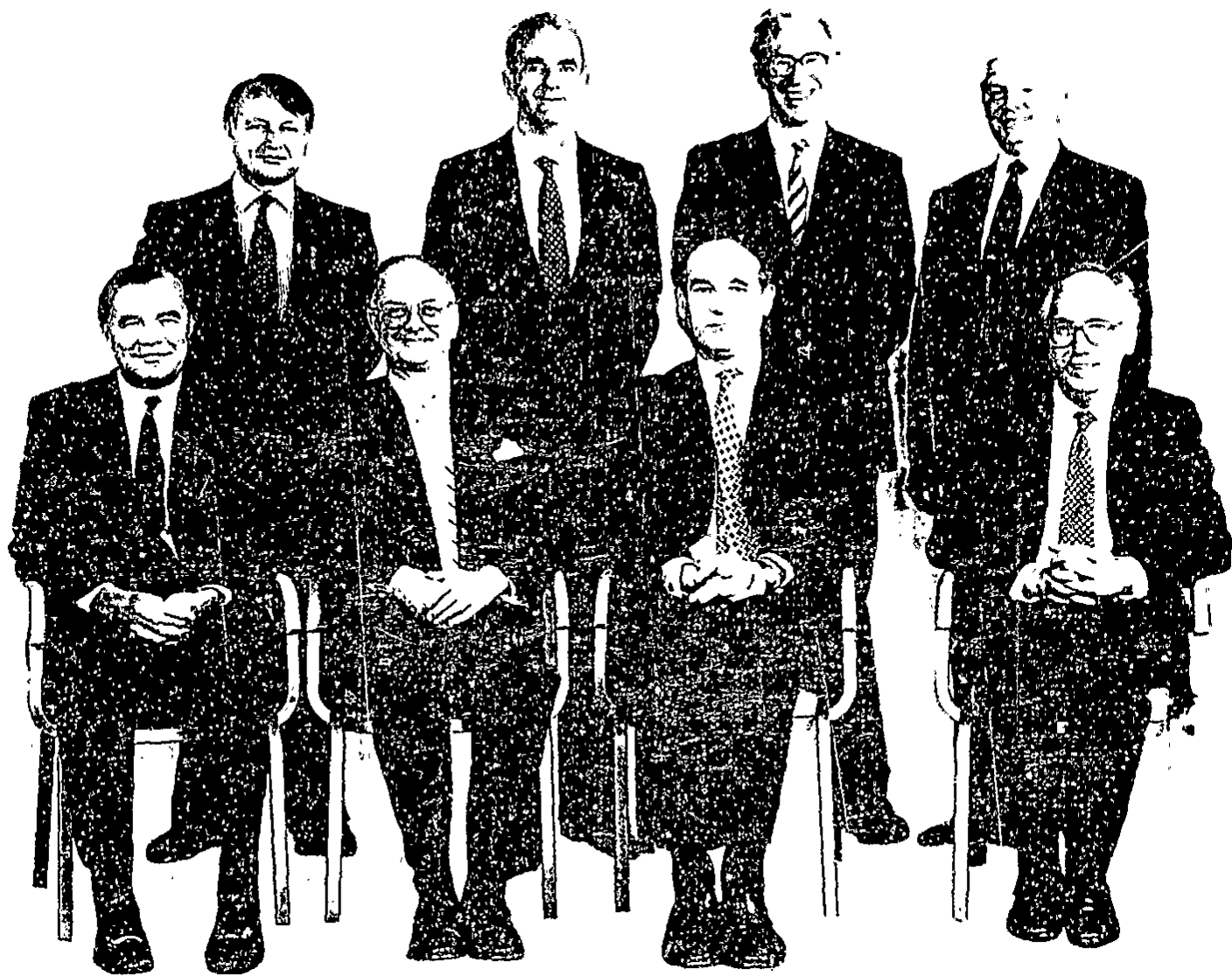
- Non-Executive Director
- Appointed to Board 1.4.80
- Vice-Chairman Charterhouse Bank Ltd
- Director - Charterhouse plc
- Non-Executive Director Bridport-Gundry plc

Chief Executives (Operations)

Gordon G Artiman 44

Philip W Freeman

Stephen J Vincent 44



Keith A Balley

Edward J Low

Richard E Brown

Alan R Styles

J Mager Woolley

Brian H Kent

Michael R B Gatenby

Roderick D Armitage



Chairman's Statement

The year as a whole has been very satisfactory and our record results have, once again, been achieved partly by organic growth, and partly through acquisition.

The integration of the Chronos Richardson Group acquired in April 1990 has gone well, and we are satisfied with its contribution to our progress and the future opportunities.

Sales at £329 million were up 25% due partly to the Chronos Richardson acquisition and also to an outstanding performance from the Mechanical & Electrical Services Group.

Profit before tax at £28.0 million is 14% up on last year, and earnings per share at 21.2p (1990 - 21.6p) show only marginal dilution, following the previous 1:4 Rights Issue to fund the Chronos Richardson acquisition in April 1990.

The geographical pattern of trading established in the first half of the year continued with the UK and European businesses performing in an excellent way. Whilst the USA companies showed a shortfall on internal targets, they, nevertheless, generated useful overall profit contributions.

It is pleasing to see the Measurement Group consisting of Stand Alone Weighing, Non Destructive Testing and the new acquisition, Chronos Richardson (Weighing and Materials Handling Systems) now become the largest profit contributor at 43% of trading profit.

One of our medium term objectives of being less dependent on Minerals has been realised, although British Salt had a very satisfactory year, generating 15% of total trading profit.

Margins fell slightly to 9.3%, reflecting some increased competitive activity in the latter part of the year due to the recession.

United Kingdom Minerals

The coldest winter for the last 5 years assisted British Salt to a record result, together with high standards of operating efficiency.

Whilst exports were once again affected by lack of hard currencies, particularly from Nigeria, the home market more than made up for this.

The success of Aquasol, our water softening product, introduced 3 years ago continues, and our dual fuel boilers helped us to avoid the effects of uncertain heavy fuel oil prices during the Gulf war.

Mechanical & Electrical Services

This excellent result reflects an all round performance in our 3 key segments, viz

- Building Services (South of England)
- Industrial Electrical, Mechanical & Systems Services (North of England)
- Maintenance (National)

By careful selection, we have retained a proportion of work at reasonable margins despite increased pressures as the recession bites.

Some competitors are now cutting prices to obtain contracts in order to retain their skilled people and maintain market share.

Barduct

Barduct stood out as a company which met its objectives in a record way, and its competitive range of internationally designed busbars now make it a leading supplier to all sectors of the electrical contracting industry.

This company was acquired in 1982 as part of the MJN Contracting purchase and has expanded organically every year to reach a leading position in its UK niche market.

Manufacturing

Some further rationalisation of this part of our activities continued with the sale of Shifnal Jig & Tool near Telford, and part of Sleeman, namely the external shot blasting servicing activities.

Our two remaining foundries, Bradley & Foster and John Hill, both had satisfactory years. Although the final quarter showed a rapid slow down in orders, which has now led to some redundancies, their performance for the year as a whole was surprisingly good.

Bradley & Foster benefited from sales to export markets in the USA

and Europe, whilst John Hill picked up selected customers as the overall foundry industry capacity reduced in the UK.

Salter Housewares

Despite the High Street recession brought about by high UK interest rates, this company increased its UK market share, both of kitchen and bathroom scales albeit in a shrinking market.

Export sales were also good despite the stronger pound sterling, which inevitably increased pressure on margins.

Overall, profits fell compared with last year, but the new attractive designs launched later in the year make us nicely placed for new market opportunities that do occur.

Salter Springs & Pressings

Efforts have been made by Staveley over a number of years to bring about the rationalisation of the UK specialised spring industry.

Our subsidiary, Salter Springs & Pressings, was the subject of a major restructuring, the costs of which are taken as an extraordinary item.

This major review, leading to a closure of a significant part of the business followed by the sale of its non-core circlip business has been especially timely. The recession in the last 6 months has occurred most heavily in the market segments of the automotive, white goods and building products, which are still this company's key markets.



Chairman's Statement

North America Measurement Quality Assurance

Of all areas of activity last year, this group became the most difficult to predict.

The pattern of the USA recession (automotive and steel heavily down, whilst agriculture up) combined with the Gulf war produced an erratic order intake leading inevitably to inefficient production.

Staveley Instruments now centred on the West Coast in Kennewick, Washington State, failed to match the previous year's record, but we nevertheless maintained our level of Research & Development spend and the new generation composite bond tester for the US Navy was completed to schedule.

The long, but timely, withdrawal from the Chatsworth aerospace systems business (commenced in January 1990) came to a satisfactory conclusion. Some smaller products have been relocated to Kennewick and the large tailor-made systems business discontinued.

Staveley Sensors in Hartford, Connecticut, despite the completion of its fully modernised facility had a moderate year. Once again, product development was maintained, and the new ophthalmological sensor should maintain our leading place in this very specialised medical field in the future.

The best performance came undoubtedly from Conam Inspection who

made their targets, despite a poor year in steel and automotive industries.

Conam's Cleveland Technical Centre for Oil Testing recorded another year of growth and the new headquarters in Cleveland has become increasingly utilised as more long term contracts are obtained, on a coast to coast basis.

Apart from Japan the overseas Non-Destructive Testing trading was poor, as the recession hit hard in the UK, and the Gulf war undoubtedly distorted customer buying patterns.

Stand Alone Weighing

Weigh-Tronix USA, in which we have a 57% shareholding, failed to grow and the profit shortfall experienced in the third quarter could not be recovered.

The arrival of a new President, Mr Salvatore Vinciguerra, at the mid year accelerated the switch to a new decentralised organisational structure aimed at increasing customer responsiveness throughout all levels of the company.

Agricultural and industrial products performed reasonably well, but other areas suffered from recessionary effects.

The West Coast company owned stores were reorganised during the year and have now been refocused to become an integral part of the industrial distributors sales management located in Fairmont, Minnesota.

Aurora Scale, a 100% owned subsidiary of Weigh-Tronix, in Toronto, Canada, had a mixed year.



Salter Weightronix Australia was re-constituted to absorb the previous joint venture activities of Chronos Richardson. It simultaneously disposed of its interests in the manufacture of wire components and is now wholly concentrated on weighing and related activities.

Against the backdrop of a poor Australian economy it had an unsatisfactory year but is now better dimensioned for the years ahead. It has an expanded available market to serve due to its wider product range including Chronos Richardson's products.

Salter Industrial Measurement (UK) had a good export performance, apart from baby weighers to the third world, which, this year, fell below expectations largely due to shortage of customer funding. This company suffered in the UK recession in the second 6 months of the year rather more than expected, but still made acceptable profits. Recent order successes both home and abroad have given a more encouraging start to the new fiscal year.

Chronos Richardson

Howe Richardson Inc, the quoted USA company, which we acquired at the end of April 1990, has now been placed on a sound financial footing, and it will in future trade as Chronos Richardson for most products throughout the world.

Its main facilities are located in Canada, Germany, UK and USA.

The key task of rationalising the Clinton, New Jersey site was addressed throughout the summer and this plant was finally closed when we moved to a much smaller facility in Wayne, New Jersey, in January 1991.

This closure, after many years of losses, involved substantial reductions in the workforce together with significant writedowns in asset values and provisions for contingent items, such as redundancies, outstanding lease costs and environmental cleanup.

In total, some £38.6 million of goodwill is reflected in our balance sheet to cover these costs and others associated with this acquisition.

All of these items had been identified during our due diligence process and were satisfactorily quantified in the period after acquisition.

We have been well satisfied with the trading performance and overall, this group has proved to be an excellent opportunity area for future growth.

Its geographical spread is excellent and we are pleased with its strong market positions.

Removing the previous financial constraints has undoubtedly liberated the management to think in a more expansive way and freed up valuable time for seizing future market opportunities.



Chairman's Statement

Chronos Richardson Germany had a very successful year which encompassed the total rebuilding of a new facility three miles away consisting of factory and offices.

This company is well placed with strong historical ties to the Eastern European Bloc but inevitably some slowness in ordering is happening as the economic chaos in that region bites and the traditional bureaucratic structures are slowly replaced.

Chronos Richardson UK had a good year but fell just short of its own targets, despite real effects of the Gulf war on some of its existing customers. During the year it became clear that this business had substantial spare capacity which resulted in significant redundancies making the company better dimensioned for the year ahead.

The Canadian company performed extremely well with an all time record result, assisted by sizeable orders from the USSR for particular products suited to the harsher winter climates.

A repeat order of increased size augurs well for next year also, despite a poor Canadian economic scene.

Financial

Return on Capital once again improved to a record 34%.

Net interest costs reflect our ability to borrow at competitive rates internationally despite a higher absolute level of

borrowings in this year as a whole.

The gearing level at 42% reflects the absorption of the Chronos Richardson restructured balance sheet offset by excellent cash management throughout the group as a whole.

As mentioned in the Interim Statement, the extraordinary item of £2 million covers the restructuring of Salter Springs & Pressings outlined elsewhere in this report.

The tax charge rose slightly to 26% to some degree affected by the change in business mix, particularly the acquisition of the world wide activities of Chronos Richardson.

The result, together with only a marginal dilution in our earnings per share at 21.2 pence on an adjusted basis allowing for the 1:4 Rights Issue in April 1990, has led your Board to recommend an increase in the final dividend to 5.9p (1990 5.5p), an increase of 7.3%. This makes a total for the year of 8.2p (1990 7.6p) an overall 7.9% increase.

Employees

The asset we perhaps work hardest is our most important one, namely all employees.

Without their hard work and loyalty the company's performance will undoubtedly suffer and I would like, once again, on behalf of the Board of Directors and Shareholders to thank our employees without whom these

excellent results would not have been obtained.

As explained at the half year, our Board has expanded with the addition of two directors, Mr Moger Woolley (non-executive), and Mr Keith Batley (executive), both of whom bring a wealth of particular experience to your Board at a key time.

Mr Dick Bradley retired at our last Annual General Meeting in July 1990, and he, of course, founded the Weigh-Tronix company, and was its President from inception. We wish him success in his well earned retirement.

Our UK pension fund continues strong. Although the investment return for the calendar year fell by approximately 10%, in line with most other schemes, this did not affect its long term ability to meet all of its commitments.

We are in no doubt that our pension schemes remain very satisfactory, and we are well placed for handling future legislation which will increase benefits and liabilities.

The overseas retirement schemes, both in the USA and Germany, were reviewed and the necessary actions taken to fund future liabilities satisfactorily.

Current Rights Issue

Today, 13 June 1991, the company announced a 1:5 Rights Issue and a circular has been sent out to shareholders on the same day.

This circular contains particulars of a proposal to acquire the 43% of shares in Weigh-Tronix Inc (USA) which at present we do not own.

Summary

We all have considerable pride and satisfaction in achieving this year's results against a backdrop of uncertain economic climate both in the UK and USA.

It is pleasing to see the Chronos Richardson Group take its place as one of our key activities for the future, and its group of managers show genuine enthusiasm for membership of the Staveley family.

Inevitably, against the background of continuing recession, some of our order books have contracted, and this is almost certain to affect the results of the first half of the current year.

Although we expect a recovery in underlying economic conditions during the second half, we cannot be certain that its strength and timing will be such as to enable the results in the second half to make good the ground lost in the first half.

However, Staveley has considerable defensive qualities in such times, and looking to the longer term future, we are confident of providing a continuing reliable return to shareholders.

Brian H Kent
Chairman

Principal Companies of the Group

June 1991

*** Aurora-Weigh-Tronix Inc (Canada) (57%)**

230 Edward Street, Aurora
Ontario L4G 3L6, Canada
Tel: (0101) 416 727 5892

Barduct Ltd

Crookford Lane, Chicheam
Basingstoke, Hants RG24 9AD
Tel: (0256) 24751

Bradley & Foster Ltd

PO Box 4, Heath Road
Wednesbury, W Midlands WS10 8JL
Tel: (021) 526 4111

British Salt Ltd

Cledford Lane, Middlewich,
Cheshire CW10 0JP
Tel: (060) 684 2881

Colston Ltd

Grosvenor House, 149 Whiteladies Road
Bristol BS8 2RA
Tel: (0272) 743371

*** Conam Inspection Inc (USA)**

33 West Higgins Road, Suite 1000,
South Barrington, Illinois 60010, USA
Tel: (0101) 708 428 2600

*** 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 Limited**

Arnside Road, Bestwood
Nottingham NG5 5HD
Tel: (0602) 608181

*** Chronos Richardson SA (France)**

24 Avenue de la Censerie, Platanes Snc
F-94266 Fresnes Cedex, France
Tel: (010) 33 146669201

also Milano Oltre - Palazzo Cimabue

Via Cassanese-224,
20090 Segrate - Milano Italy
Tel: (010) 39 2 210 7322

†† Hall & Kay Fire Engineering

Burnt Tree House, Burnt Tree
Tipton, West Midlands DY4 7UE
Tel: (021) 522 2050

*** Howe Richardson Inc (Canada)**

217 Brunswick Blvd, Pointe Claire
Quebec H9R 4R7, Canada
Tel: (0101) 514 695 0380

† Inspection Instruments

18 Buckingham Avenue
Slough, Berkshire SL1 4QB
Tel: (0753) 76216

John Hill & Sons (Iron Founders) Ltd

Albion Street, Horseley Fields
Wolverhampton WV1 3DB
Tel: (0902) 351445

†† MJN Ipswich

Norris House, Hadleigh Road
Ipswich, Suffolk IP2 0HU
Tel: (04732) 57171

MJN Limited

Staveley House, 11 Dingwall Road
Croydon CR9 3DB
Tel: (081) 686 5577

†† 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

††† Salter Abbey Weighing Machines

St Botolph's Lane
Bury St Edmunds, Suffolk IP33 2AX
Tel: (0284) 761321

*** Salter Housewares Ltd**

Unit 4, 211 Vale Road
Tonbridge, Kent TN9 1 SU
Tel: (0732) 354828

*** Salter Industrial Measurement Ltd**

George Street, West Bromwich
West Midlands B70 6AD
Tel: (021) 553 1855

*** Salter Springs & Pressings Ltd**

Spring Road, Smethwick
Warley, West Midlands B66 1PF
Tel: (021) 553 2929

*** Salter Weightronix Pty Ltd (Australia)**

1 Apollo Court, Blackburn
Victoria 3130, Australia
Tel: (010 61) 3 894 2444

Sleeman Engineering Ltd

Heath Road, Wednesbury
West Midlands WS10 8XF
Tel: (021) 568 6222

*** Staveley Inc (USA)**

20 Stony Hill Road, Bethel
Connecticut 06801, USA
Tel: (0101) 203 791 4000

*** Staveley Instruments Inc (USA)**

421 North Quay, Kennewick
Washington 99336, USA
Tel: (0101) 509 735 7550

*** Staveley NDT Technologies Inc (USA)**

20 Stony Hill Road, Bethel
Connecticut 06801, USA
Tel: (0101) 203 791 1110

*** Staveley Sensors Inc (USA)**

EBL Division
91 Prestige Park Circle, East Hartford
Connecticut 06108, USA
Tel: (0101) 203 289 5428

*** Staveley Sensors Inc (USA)**

Harisonic Division
470 West Avenue, Stamford
Connecticut 06902, USA
Tel: (0101) 203 965 7233

**W H Smith Electrical Engineers
Group Ltd**

Carnarvon Street, Manchester M3 1HJ
Tel: (061) 832 6062

*** Weigh-Tronix Inc (USA) (57%)**

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

Total commitment to quality

British Salt has for a number of years had a strong focus on customer satisfaction and quality. This begins with the extraction of brine which is monitored constantly by our advanced analytical instruments in the new laboratory at Sandbach. This quality emphasis continues throughout the whole process and into the new fleet of tankers using six axle, 26 tonne payload, tailor made vehicles. Customer needs are therefore satisfied by providing multistop deliveries in maximum safety from the compartmentalized tankers shown.



Operational Review

Minerals

British Salt

British Salt recorded a very good trading performance with a result ahead of last year which was itself a record.

The general market demand remained strong for most of the year, and the overall volume performance was enhanced by a short spell of wintry weather in February which boosted the demand for de-icing salt, and more importantly, for edible salt. This is the first real 'normal' winter demand for four years, and therefore a welcome business event.

Export levels were sadly depressed due to the lack of available hard currency in the Nigerian market which had been especially buoyant the previous year.

The specialised water softening product, Aquasol, continued to gain market share and is now the recognised UK market leader for this type of product. Further sales growth is planned in this important market sector, although the rate of installation of new domestic water softeners has inevitably slowed with the reduction in consumer spending due to the credit squeezes.

The cost of energy is a major element in British Salt's evaporation process, and the ability to operate with either natural gas or heavy fuel oil again proved to be an important efficiency factor. The installation of 600,000 tonnes of additional strategic oil storage capacity in the previous year was timely, since the outbreak of hostilities in the

Gulf caused some temporary price escalation, which did not affect British Salt as the tanks were fully primed prior to the outbreak of war.

A continuing high emphasis is placed on the total quality of product and service at British Salt, and these high standards are key in maintaining a leading market position.

As part of this exercise, the Laboratory was totally re-equipped during the year with 'state of the art' equipment, enabling far more precise and rapid analysis to further ensure product integrity.

Other capital projects completed in the year included the introduction of fully automated bagging for 25kg bags using a form, fill and seal method to give improved pack and pallet presentation.

The dedicated Tanker Fleet for the transportation of bulk salt is an important factor in customer service with deliveries made country wide. The move to larger vehicles to provide greater efficiency continues, and two new larger tankers were added to the Fleet during the year. These six axle non-tipping tankers add flexibility with improved safety.

That the plant can be operated continuously in a safe and reliable manner is paramount in maintaining the level of customer service and good economic performance. These aspects were well demonstrated by the uninterrupted production throughout the year and the receipt of a British Safety Council award in recognition of a further year of accident free operation.



BRITISH SALT'S EVAPORATION PLANT, WHICH PRODUCES 1.5 MILLION TONNES OF SALT ANNUALLY, IS A MAJOR FACTOR IN THE COMPANY'S LEADING MARKET POSITION.



Manufacturing

Bradley & Foster

Bradley & Foster completed another year of steady progress although their market place was considerably depressed towards the end of the year and some *manning reductions* were sadly necessary.

This company has a vital export interest notably in North America and Europe, with direct sales offices operating in the USA, Canada and Germany.

The German office, set up last year, began to prove effective as the year evolved with a *good order intake* from both the traditional engineering market and the power generation sector.

North American sales were affected by the *less favourable exchange rate*, although new products sold to the mining industry were successfully trialled and follow on orders can now be expected.

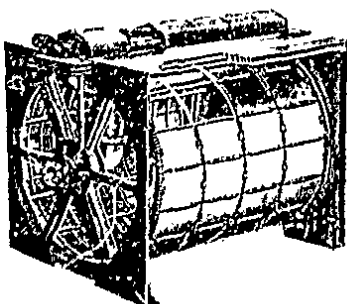
Sleeman Engineering, which concentrates on the supply of ballistically tested armour plate, is now located at the Bradley & Foster site at Darlaston and is managed as a division of the Bradley & Foster business.

This specialist activity had a successful year continuing to service the demand for *non-aggressive vehicle* protection in various markets.

New products in kit form have been developed and are now undergoing trials with potential users, as defence against terrorist attack.

John Hill & Sons

The economic slowdown affected order



input in the final quarter of the year, although demand in the earlier quarter was strong for the jobbing castings made at this Foundry. In spite of this slowdown John Hill achieved a satisfactory profit result well up to expectations.

John Hill has progressively widened its customer base and taken the opportunities presented by reduced capacity in the industry to move into more specialised castings. This market approach has proven to be beneficial particularly in times of reduced demand.

New market areas serviced during the year included high integrity castings for the Water Treatment industry and large diaphragm castings with cast in blades for Gas Turbine units.

Consistent with the BS 5750 accreditation high quality was maintained throughout the year.

Salter Springs & Pressings

Due to the continued weakening of the automotive and building market sectors, the re-structure plan and part closure, announced in the 1990 Annual Report, was extended during the year with the disposal of its non-core circlip business and the relocation of the company into smaller premises.

The workforce was halved, and the area occupied reduced by two-thirds to produce a simplified company which concentrates upon its strengths. The attendant strategy has been to embrace the Total Quality concept in order to secure sustained growth business within selected industries.

This shift in business strategy has

changed the approach of the company from a general parts supplier into a quality approved supplier of specialised springs, spring pressings and wireforms.

The major effects in Total Quality assurance has resulted in the securing of preferred supplier status with the major customers.

Salter Housewares

In spite of the UK recession, Salter Housewares' sales were again a record, due to increased domestic market share. Exports responded well to planned campaigns targeted on specific areas.

The continued demand for new designs of electronic and mechanical bathroom and kitchen scales was a significant factor in minimising the recessionary market effects against intense competition.

Profit margins inevitably suffered in this difficult trading environment.

Main supplier agreements have been signed with important UK retailers, supplemented by several significant 'own brand' contracts with leading customers, both in the UK and overseas.

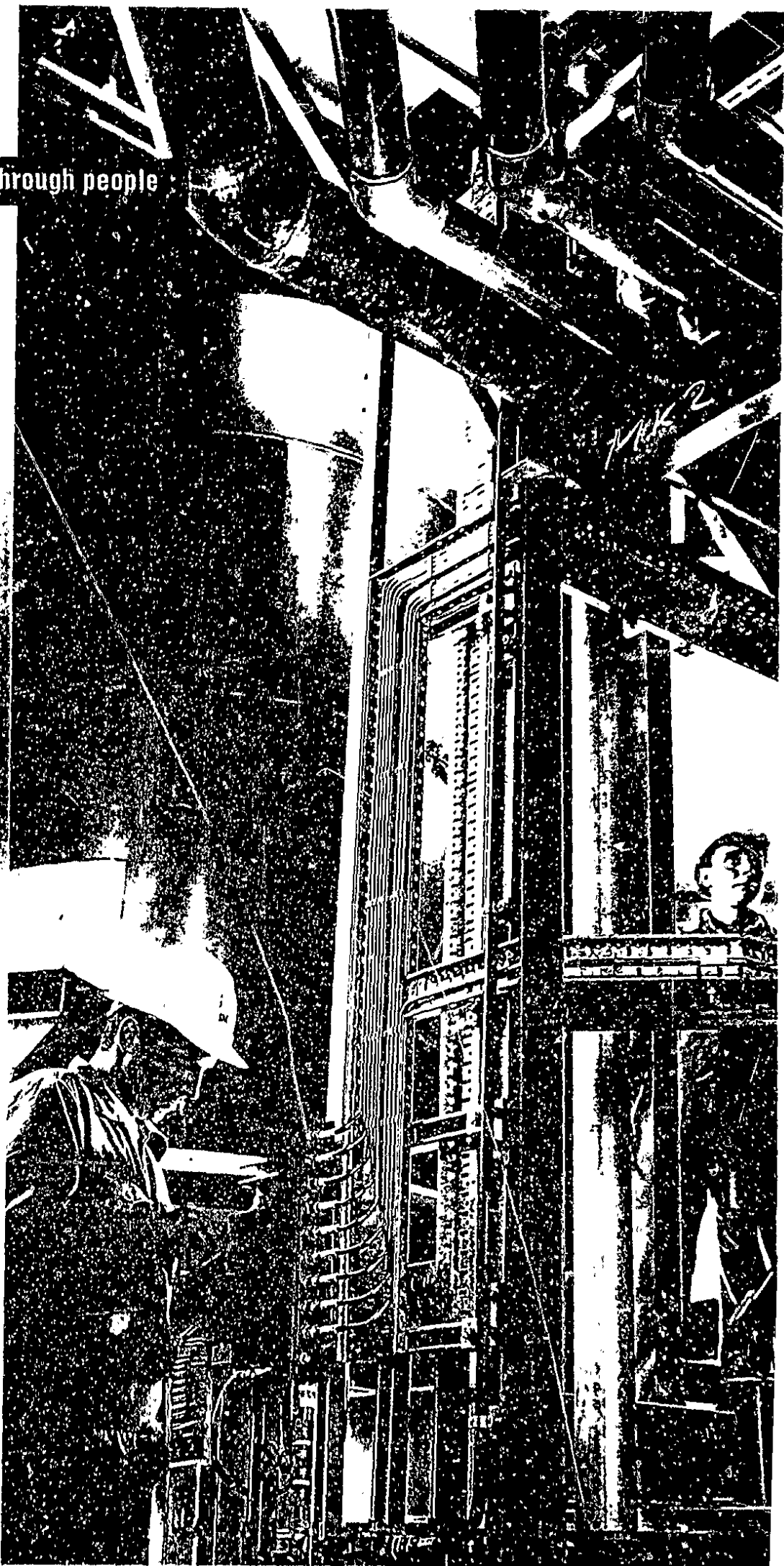
As part of the export drive, Salter exhibited at the world's leading Housewares' Shows in Chicago and Frankfurt with encouraging results. The company's latest innovative designs were particularly well received and valuable new accounts have been opened in North and South America and throughout Europe. The market recognition for our branded products remains high in the UK and is undoubtedly a key factor in supporting our marketing activities.

This Spring Tester was designed and manufactured by our Measurement group to assist Salter Springs & Pressings to maintain the highest quality standards



Achieving quality through people

Whether it be the installation of electrical services associated with the production of paper by Wiggins Teape, depicted in the adjacent photograph, the supply of air-conditioning, fire protection to a major shopping centre or the manufacture and supply of specialist busbars to an off-shore oil platform, service related industries rely on the skills and continued training of their staff providing ultimately the quality of service demanded by today's client. We offer wide experience across the whole spectrum of mechanical and electrical services from initial design concept through installation to post contract maintenance; our quality is achieved through the people we employ.



Operational Review continued

Mechanical & Electrical Services

Industrial Electrical

In a somewhat variable trading year, certain key industrial market sectors held up well with investment continuing in steel, food and drink, water, paper and packaging, vehicles, specialist chemical and power generation. W H Smith expanded their regional structure by the addition of a Scunthorpe office, bringing the number of satellite offices to seven in total.

Smaller contracts of up to £500,000 are the mainstay of this business and this can be an advantage in difficult market conditions.

W H Smith (Manchester)

W H Smith (Manchester) obtained the electrical design and installation contract for the Rowntree cocoa bean plant in York, with a value of £400,000. Other contracts included the mechanical installation for the Anchorage development Salford Quays worth £1.1 million and the combined mechanical and electrical installation for the Ralli Quays office, Manchester at £1.9 million. Continued relationships with the Home Office resulted in the award of a contract for the prison locking electrical installation at Her Majesty's Prison Bullwood, the contract being valued at £500,000.

Overseas included the finalisation of the cable design and routing for the Yue Yang and Quangdong Power Stations in China.

W H Smith (Bromborough and Blackburn)

W H Smith (Bromborough and Blackburn) won the electrical and instrumentation contract, valued at £1.8 million, for a paper coating plant to produce facsimile paper for Wiggins Teape. Further significant contracts included its electrical installation for the new paint plant at Vauxhall Motors, Ellesmere Port and a North West Water Carlisle project with a combined value of £1.2 million. Rolls Royce at Barnoldswick placed an order for the complete re-wiring of their plant boiler house.

W H Smith (Sheffield and Cambridge)

W H Smith (Sheffield and Cambridge) undertook a £1 million electrical contract for British Steel at Tinsley Park. The fast track Savacentre project at Meadowhall, where Sheffield carried out the electrical contract, was completed to programme with an account value of £2.3 million. ICI placed a contract for electrical work associated with a laboratory block at Alderley Park with a contract value of £500,000. Electrical and instrumentation improvements at Hubbards Hill Water Treatment Works resulted in orders being placed for £850,000. Papworth Hospital awarded a £200,000 contract for electrical services for a new heart/lung operating theatre.

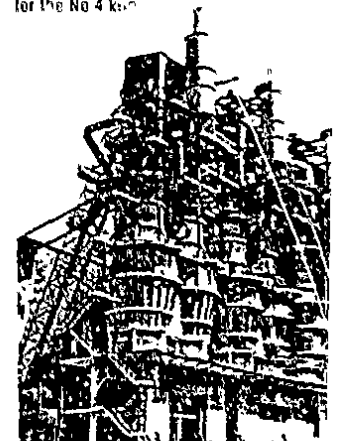
W H Smith (Thornaby and Scunthorpe)

Maerz Ofenbau placed a £450,000 order for the design, procure, install and commission of all electrical and instrumentation work for the British Steel Lime Kiln project at Shapfell, Berkeley

The electrical and instrumentation installation was carried out with the assistance of the British Steel Rolling Mills for British Steel for their Skinningrove Works. Cleveland was carried out by W H Smith Thornaby.



Lime Kiln at Shapfell, Berkeley Cumbria for British Steel project where W H Smith carried out the complete design and installation for the No 4 kiln.



Operational Review 1990/91



Power Station Nuclear Labs awarded a contract worth £250,000 for an electrical installation and instrumentation project and Corning Glass in Sunderland placed a contract for electrical work worth £150,000. The first major order obtained by the new Scunthorpe office was for electrical work to a value of £300,000 for Anglian Water Authority

Lucas placed an order for £1.7 million for the installation of mechanical and electrical services associated with their Gloucestershire factory following the successful completion of a prior phase, and British Airways placed a contract in excess of £1 million for mechanical and electrical work to be carried out at Nantgarw near Cardiff

Building Services

Building Services enjoyed a remarkably successful year, although in the second half there was a decline in the commercial property sector. The credit squeeze had a marked effect in London and the South East, with the South West less affected. Orders continued to be gained however, but showed some deterioration in margins.

MJN Ipswich

MJN Ipswich continued their mechanical and plumbing involvement on the Exchange Shopping Centre contract in Ilford, Essex which is due for completion in July 1991. Unipac placed a £600,000 order for the installation of mechanical services to their pharmaceutical packaging factory at Wickford and through the Property Services Agency, MJN secured the mechanical and electrical services refurbishment of a ten storey office block with a contract value at £650,000. A feature of this project is that the services content includes a personal attack alarm system.

MJN Croydon

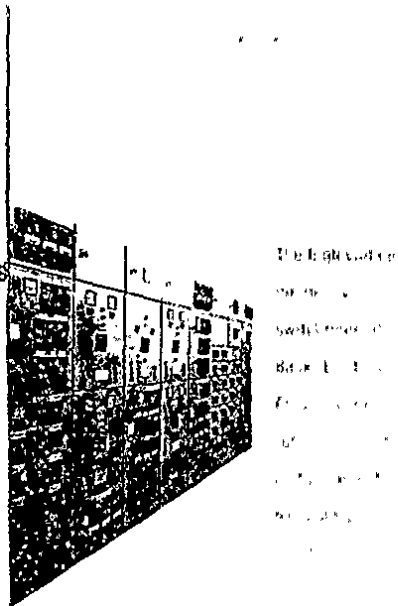
MJN Croydon were appointed as mechanical and electrical service contractor for the second phase, worth some £8 million, of the Bentalls Centre, Kingston-on-Thames, Surrey, where services include full air-conditioning, heating, main electrical distribution, lighting, fire alarms and an overall computerised building management system. Another major contract secured was the refurbishment of Aylesbury Shopping Centre, worth £4.3 million.

Hall & Kay Fire Engineering

In conjunction with MJN Croydon, Hall & Kay Fire Engineering received orders for the sprinkler installations at Bentalls Centre, Kingston and the Aylesbury Shopping Centre with a combined value in excess of £1 million. During the period Hall & Kay completed major fire protection contracts at the Lakeside Development, West Thurrock and the Meadowhall Centre in Sheffield.

Colston Bristol

Colston was awarded the mechanical, electrical and plumbing contract for the Bristol Crown Courts project with an initial contract value of £3.5 million.



Building Maintenance

MJN Maintenance achieved its objective of a 25% growth in sales. A big factor in this achievement was the decision by a number of prime clients to contract their maintenance on a national and/or regional basis rather than a single project concept. Marks & Spencer awarded a nationwide planned maintenance contract for 152 sites with a contract value in excess of £800,000. The National Westminster Bank placed a 3 year-maintained contract to cover the stockbroking activities at the Mansell Street Offices, and a number of High Street branches in and around the City.

Croydon secured its first Contract Facilities Management project with an order from IBM for their Greenford facilities. The Glasgow office, in its first full year of trading, was successful in achieving a number of multi maintenance contracts: 8 sites for property managing agent, Hillier Parker May & Rowden; 20 sites for Glasgow District Council; and a further 8 branch offices for The Royal Bank of Scotland.

MJN Newcastle

MJN Newcastle succeeded in obtaining a number of projects in the marine environmental engineering sector. Successful trials were completed on the Prinzessin Von Preussen, a cruising vessel for operating on the River Elbe, of which MJN were responsible for all air-conditioning and ventilation to cabins, restaurants and bars. This company is now an integral part of the national maintenance business, supervised from Croydon.

Barduct

Barduct entered the year with a strong order book and maintained a high order intake throughout the year to strengthen their position as the leading busbar manufacturer in the UK market

An excellent trading result was attained with strong growth in both sales and profit. Whilst the general construction industry market remained healthy throughout the year important new market sectors were also successfully gained.

Barduct was selected as the busbar supplier for several oil platforms and is now established on the British Telecom purchasing list with two significant installations already completed.

The addition of a lighting trunking product to the range has given further leverage in the retail and warehouse sectors.

A manufacturing licence has been agreed for the products of a light current busbar previously factored from Finland and this is expected to widen the market opportunities.

During the year Barduct installed a comprehensive Computer Aided Design (CAD) system to deal with projects from the proposal stage, through detail design and into manufacture.

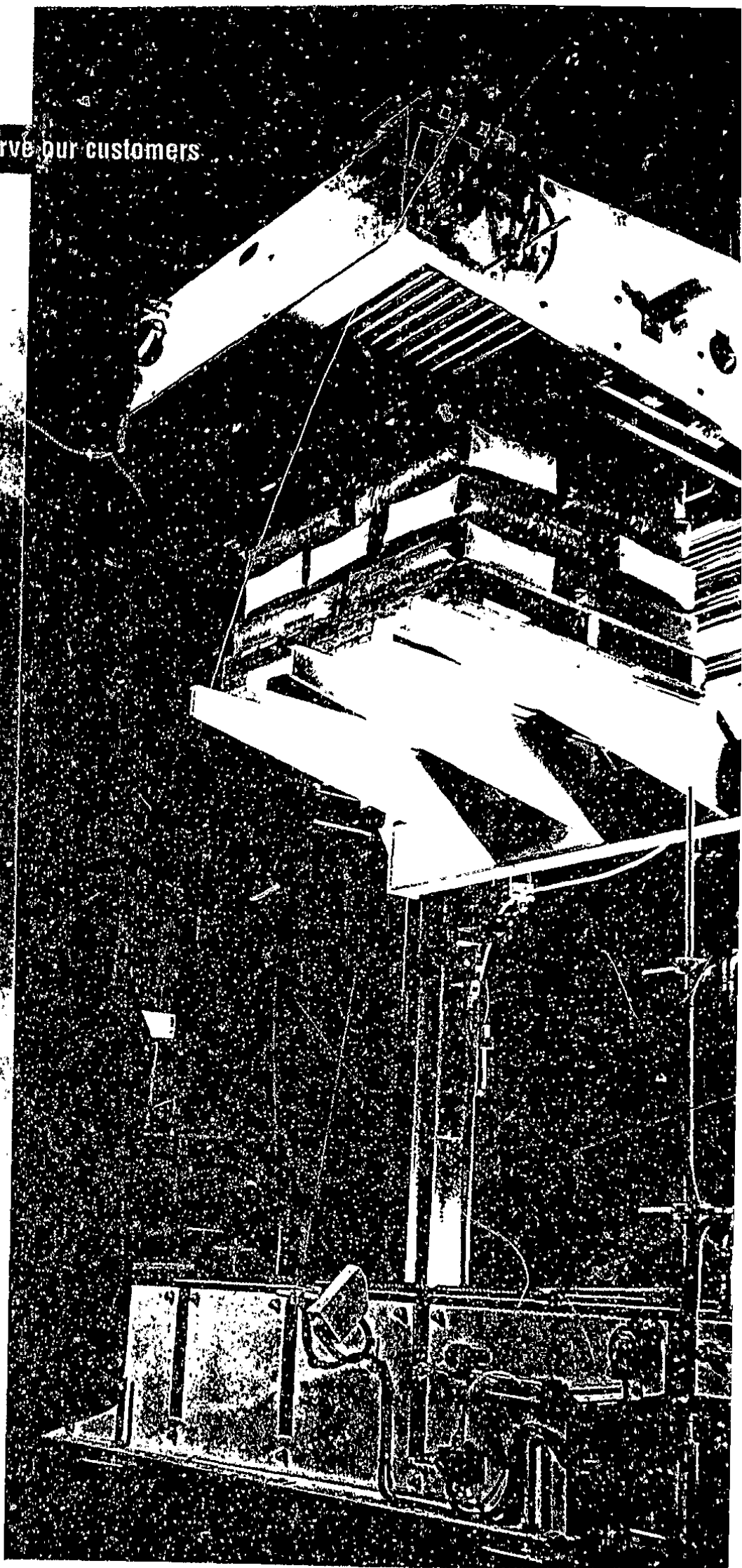
This use of Information Technology in the presentation of proposals is an area where competitive advantage has been gained.

Barduct is now well advanced in the formal procedures to achieve BS 5750 accreditation.



Well placed to serve our customers

The matrix of products and market segments served is large especially on a worldwide basis. There is no shortage of opportunities to seize as we satisfy our customers' many needs. Chronos Richardson has a very strong sense of customer service throughout all parts of its organisation. It provides both customer and internal training courses to ensure that maximum benefit is obtained from the applications of its technologies and products. This palletizer shown, designed in the UK, for 20 bags per minute, is an example where all those factors are used to ensure 'we are well placed' to serve our customers' needs.



Measurement

Chronos Richardson

Chronos Richardson Inc (formerly Howe Richardson) was purchased by Staveley on 26 April 1990. Eleven months' performance is therefore included in these operating results.

The company overall has had a successful year, obtaining its budgeted profit and also showing a satisfactory increase in profitability over the previous year's performance.

Chronos Richardson in all world locations has benefited significantly from the acquisition by Staveley. The new factory investment in Germany has now been completed and is ideally located to capitalise upon the significant Western and Eastern European Markets. The unprofitable US company in Clifton, New Jersey, has been made substantially smaller and relocated to a new modern facility in Wayne, New Jersey, 7 miles away from the old plant.

This facility is an assembly plant rather than a prime manufacturing unit. The US operations' primary focus is now on Chronos European technology of Bulk, Bagging, General Systems and Rubber.

Chronos Richardson has increased its Product Development programmes and 8 new products have been completed and released during the year. Additional new programmes have also been identified which will assist us in increasing our market share and our worldwide sales volume.

Chronos Richardson designs, manufactures, in calls and commissions 5 primary product ranges, namely, Bulk, Bagging, Rubber, In-motion Rail Weighing and General Systems. The company supplies complete solutions to customers' materials handling problems, using its extensive in-house knowledge associated with weighing technology and on-line computer systems.

Bulk Systems

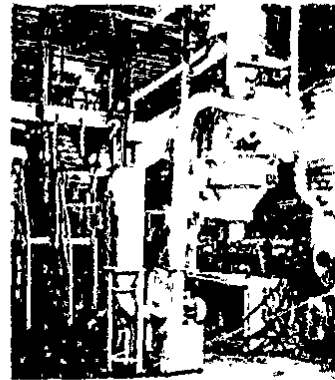
This product group covers a range of Shipping and Receiving Scales, Inprocess Bulk Weighing Systems and a range of Conveyor Belt Weighing products. The products are typically used in the food, grain and mineral industries.

Bagging Systems

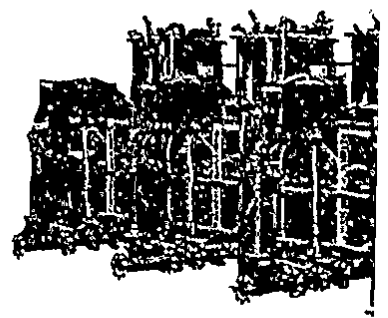
Our supply covers complete Bagging installation for 5-50kg bags. The company supplies high speed weighing scales, automatic bag handling and closing equipment plus complete palletising lines, with the primary markets being food, chemical, fertiliser, plastic and minerals.

Rubber Systems

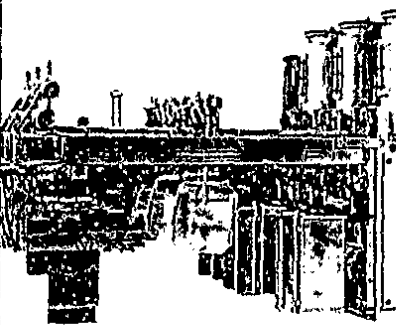
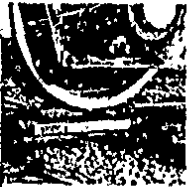
Chronos Richardson supplies a complete process solution for Mixer Feed Systems within the 3 segments of the rubber industry, namely, Tyre, Technical Rubber and General Rubber. Our products cover pneumatic handling equipment, all forms of process batch weighing and a comprehensive on-line computer control system with integrated management information.



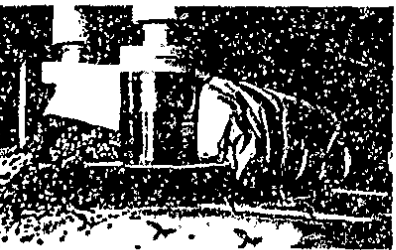
THE DATA GROUP
EXPERIENCE
CAREER OPPORTUNITIES
FOR QUALIFIED PERSONNEL
IN THE FOLLOWING AREAS:
MANUFACTURING
SALES
MARKETING
RESEARCH & DEVELOPMENT
FINANCE
HUMAN RESOURCES
OPERATIONS



Operational Review continued



Throughout Europe many products are packed into valve bags. Chronos are leading suppliers of automatic weighing, filling and bagging machines for applications where the product being bagged is toxic or difficult to handle.



Automatic Bag Splitting Machine for the production and packaging of Bulk Fertiliser. The machine is designed to split the bulk material into smaller bags for easier handling and distribution.

Rubber plants have been sold and delivered to most parts of the world during the year.

In-motion Rail Weighing

This product group weighs trains 'in-motion' within regulatory accuracies identifying individual wagons, as well as total train weights. The company has developed a new technology which considerably reduces installation costs. A significant order has been obtained in New Zealand for the national railway system.

General Systems

Chronos Richardson has supplied electronic and computer products to the Batch/Blending industries for many years. During 1991, the company has had a change of focus and is now providing complete Materials Handling solutions associated with Batch/Blending. The initial results have been encouraging with shipments being delivered in Western Europe, Egypt and other locations throughout the world.

The company has completed 'Loss-in-Weight' and 'Constant Rate Feeder' product development programmes to complement our Batch/Blending focus, particularly within the plastics, food and mineral industries.

Service / Commissioning & After-market

The company has commissioned products and systems supplied by us in 47 different countries during 1991. The after-market activities are a key part of our total customer support service and

are a useful contributor to the company's profitability.

Chronos Richardson UK

The UK company obtained its profit budget despite reduced sales in a generally more difficult trading climate. The Gulf war impacted the business with cancelled orders and a slow down in new projects. The strength of the Far Eastern markets helped to compensate somewhat for the reduced market potential elsewhere. Major deliveries were again achieved in the Bulk and Bagging business in the food, fertiliser, chemicals, plastics and grain industries.

A major fertilising installation was shipped to Saudi Arabia involving 14 bagging lines. A further new order has recently been received from the same customer for an additional 5 lines. The international nature of the business continued with major shipments and new orders for bagging lines to be installed in USSR, India, Colombia, Ecuador, Canada, Korea, Australia, Thailand, Taiwan, Philippines, China, Egypt and Saudi Arabia in addition to the UK and Ireland.

The supply of a significant number of mixer feed systems for the rubber and plastics compounding industries has again been achieved. This remains a global business with recent successes in France, Italy, Belgium, Yugoslavia, India, USA, Malaysia and China.

Chronos Richardson USA

1991 was a year of re-shaping and refocusing the US operation of Chronos Richardson for future profitable growth.

With Clifton site losses behind them, the latter two months of the year at the new Wayne location gave every encouragement that the year ahead will be satisfactory.

The name was also changed from Howe Richardson to Chronos Richardson, taking advantage of Chronos Richardson's reputation worldwide.

As part of the re-structuring, a new President, from within the Staveley group, was appointed for the US Operations, and a considerable reduction in the workforce also took place. To enable the US company to maintain focus and direction, the Industrial Weighing Product and Service Division has moved from New Jersey to Illinois, and a new division established called Howe Scale. The company ceased manufacturing industrial weighing products in the USA, and is now obtaining products from Weigh-Tronix Inc.

Howe Scale continues to have district offices providing sales and service backup, with the service and parts revenue being a sizeable proportion of their turnover.

Chronos Richardson Continent

The Chronos Richardson Continental companies, consisting of the German, French and Italian operations, had an excellent performance during 1991.

Chronos Richardson Continent's business is an international business with over 70% of its sales being outside Germany.

Significant sales of Bulk and Bagging equipment have been shipped to most countries in Western and Eastern Europe. The Far East and

Middle East also represent a growing portion of total sales volume.

The Continental companies have successfully sold several projects in Germany and Eastern Europe. Applications for Batch/Blending have been installed in the milk powder and plastics industry.

There are many industries which require these specialised solutions and it is the company's intention to expand its business in this segment.

The German company has completed building a new 13,000 square metres facility, equipped with advanced manufacturing technology and systems, near Cologne which is ideally located to be our European mechanical manufacturing centre.

Howe Richardson Canada

The Canadian operation exceeded its targets for both profit and sales, despite the recession. The company sells Industrial Weighing products, plus European manufactured Bulk, Bagging and Systems products within Canada.

These products are supported by regional offices located across Canada, providing sales, service and parts support. The recent change of ownership to Staveley has given new opportunity to expand this market segment through an association with Aurora-Weigh-Tronix (Toronto).

The company has been successful in supplying several large contracts in the USSR and South America, which has contributed to the successful results this year.

In command of technology

The use of our technology to gain competitive advantage is a key part of creating opportunities in an otherwise stable and steady market.

The robust Indicator shown in use illustrates this well, as the weight meter uses 'state of the art' display technology in a very wet (washdown) chemical fertilizer application.

By focusing specific technological advances on niche markets, new applications for weighing devices are constantly being created and as such we must remain 'in command' of our key technologies.



Stand Alone Weighing

Welgh-Tronix Inc

Weigh-Tronix finished the financial year with revenues increased from \$59.9 million to \$62.2 million. On this increase, reported earnings declined from \$1.14 per share to \$.85 per share, as expenditures for expansion occurred with little benefit, as yet, from increased sales.

During the year, the company continued to make satisfactory levels of investments in product development. The introduction of a number of new products included the SC-310/320 family of bench scales, the WI-160 indicator for use in on-board vehicle applications, the MaxDec heavy duty floor scales, an airline baggage scale, a major expansion to the already successful ProDec family, a significant broadening of the truck scale offering, and the 700E farm indicator for feed mixing and grain hauling applications. These products have received positive responses from end users and distributors in the industrial market sector.

To create more effective response to customer needs, the company has increased its marketing function. This expanded marketing staff offers new strengths in product management, market research and publications. Weigh-Tronix is now able to respond more rapidly to changing customer needs.

In the summer of 1990, the Model 3270 Checkweigher over/under scale was introduced, which has proved to be highly attractive to our customers in the Food Industry. Its ergonomic design and simple operation improve, in a

measurable way, operator productivity. This 3270 has now been recognised in a leading product design magazine for its advanced technology, despite some early manufacturing difficulties which have now been fully overcome.

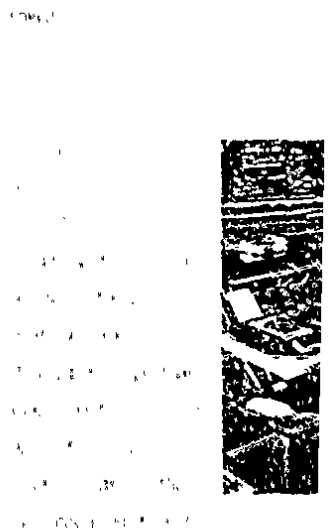
Over the last four years, Weigh-Tronix has changed dramatically through the addition of manufacturing facilities in Santa Rosa, California and Aurora, Ontario, Canada. This process of integration has not always been smooth, but it is pleasing to report that the various segments of the company are now working together as a unified whole, leaving many previous integration problems in the past. From this enlarged manufacturing base, Weigh-Tronix is expanding product markets, not only in North America, but also throughout the world.

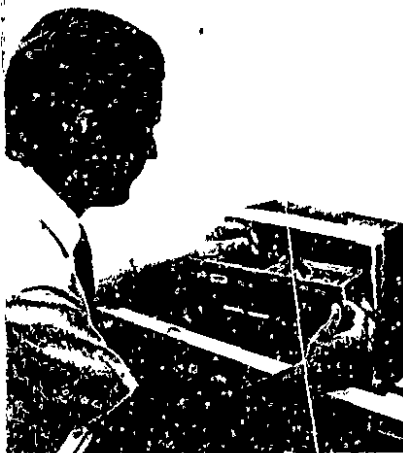
The enlarged management team continues the strategic planning efforts begun over 18 months ago, when in 1989 the company identified 6 strategic business units: Industrial, Agricultural, Postal, Retail, Dillon and Printer. 1991 saw emphasis on aligning key members of the management team with each strategic business unit and developing action plans within each of these units.

Concentration has been focused on defining the company's business, its mission, and its charter. It has not been difficult to agree that the company's mission is to achieve continuous improvement in customer satisfaction. This means directing the entire Weigh-Tronix organisation on improved customer service and greater sensitivity to the needs of the marketplace.

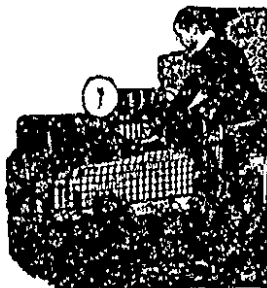


On-going investment in volume manufacturing facilities has led to steady improvements in manufacturing efficiency and quality.





Salter Industrial Measurement have achieved approval to the BS5759 Quality Standard for the service, hire and repair of both mechanical and electronic weighing machines at their Midland Scale sales & service centre



The regular weighing of livestock is a key part of the farmer's profit calculations throughout the seasons



Salter Hire and Repair facilities are a key part of the on-going customer support activities provided from our regional depots

Operational Review

Successful product design will be a natural response to this focus

Success in the marketplace depends upon forging yet stronger ties in all links of the customer chain. In addition to end users, this chain includes suppliers as well as distributors and dealers where Weigh-Tronix continues to build on previous excellent relationships.

The company is developing a growing international thrust and its interfaces with all Staveley's companies around the world are under review.

Salter Industrial Measurement

Salter Industrial Measurement has continued to invest in the development of an increased range of commercial and industrial electronic scales, despite relatively poor trading conditions in both home and export markets in the second half of the year.

During the year a UK built version of the previously mentioned Weigh-Tronix 3270 checkweigher was introduced and the new Lo-deck platform scale, using Weigh-Tronix weighbar load cells and manufactured in both stainless steel and mild steel versions, set new standards in its combination of high performance cost effective weighing.

A new high resolution counting scale, Model 8251, has been introduced to replace the ageing but successful MPLX range, and features 1 part in 500,000 scale resolution as well as an alpha-numeric keyboard for both local and remote scale options. In postrooms and offices, both the highly featured international letter and parcel scale, the

Electromail III, and the new Micromail low cost letter scale have both been received. The Micromail matches the needs of the smaller office where a simple low cost digital scale is required, whereas the Electromail III with its postal rate computing capability provides the larger commercial postroom with the ability to establish a most cost effective route for the posting of letters and parcels up to 30kg in weight to any worldwide destination.

Approval to the BS 5759 ISO 9000 quality standard for some of the regional locations in Salter Industrial Measurement's network of service, hire and repair facilities has led to a further strong growth in this business area during the year.

Salter Weightronix Australia

This company had an eventful year and once again underwent re-structuring. We took the opportunity to sever the links with the previous Chronos/Richardson joint venture partner in Adelaide, and at the same time sell off the Salter wire forming activities in Melbourne.

We have now consolidated in the new Melbourne facility all our weighing activities as represented by the Salter, Weigh-Tronix and Chronos/Richardson brand names, and the combined unit can now develop as a notable player in the Australian weighing and materials handling market.

The poor Australian economic background led to a trading loss, but now that the company is focused only on core activities and properly diversified the future should be more assured.

Developing niche markets

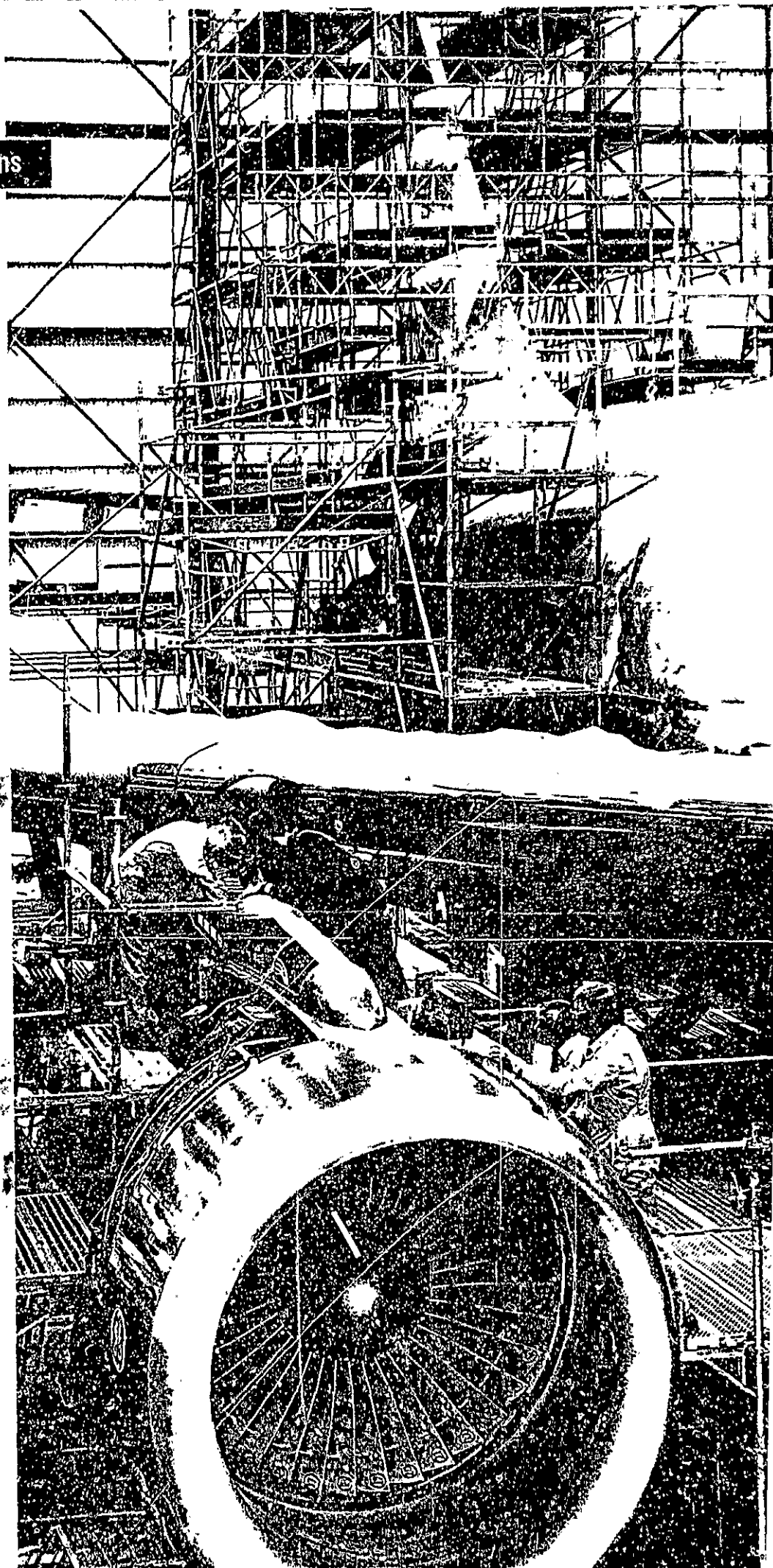
The competitive structure of some of our markets is such that only by low cost production and very focused marketing can we generate a reliable return.

In the case of consumer scales we have paid much attention to attractive designs and together with off shore manufacture and assembly (China and Hong Kong) we can maintain, or indeed gain, market share. Recently introduced stylish designs are targeted at the fashion conscious European market. Approximately 3/4 million of similar scales are marketed per annum.



Tailor-made solutions

The total integrity of an airliner's structure and engines is one of the most important applications for our NDT products. By providing a 'total service' concept through our many technology centres we can address our customers' problems, find optimum solutions and follow through with reliable service. The very best 'tailor-made solutions' are found when these services can be rapidly and effectively supplied at the customers' premises around the world. The photographs illustrate Nortec 30 and 19 instruments in use checking the absence of cracking under and around the many fasteners on the aircraft.



Quality Assurance

Staveley NDT Technologies

The last 12 months have been a particularly confusing period for NDT's principal customers in the defence and aerospace industries. Compounding the effects of the Gulf war, the USA recession has badly hit the automotive and related industries such as steel and energy, all of whom are major NDT users.

The impact on Staveley NDT has varied. The Instruments business found many of its customers unwilling to place orders until the situation clarified. Sensors improved upon its previous year's performance whilst Conam's NDT services, utilised by a wide variety of industries, provided a considerable measure of stability in this unsettled trading environment.

Exports were also influenced by the Gulf war but some excellent first time orders were obtained from countries not previously regarded as potential customers.

The exit from large customised aerospace systems business was effectively completed, with the successful transfer of the small standard systems and X-ray units from Chatsworth to our Instrument plant at Kennewick.

This virtually completes the rationalisation of our manufacturing sites, with Sensors at East Hartford, Connecticut, with Instruments at Kennewick, Washington State and Conam with its national services laboratory network.

The management team at each location has been strengthened where necessary, with increasing emphasis on product development and customer service, with a tough minded commitment to cost control to minimise the effects of the uncertain market and to ensure that the company can take rapid and full advantage of the economic upturn in its key markets as it occurs.

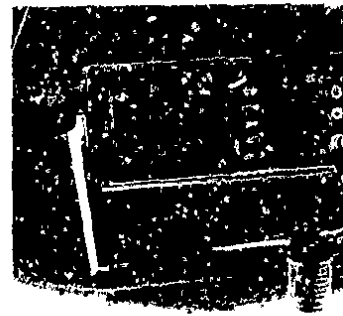
Staveley Instruments

Staveley Instruments was unable to match its prior year accomplishments, despite broad market acceptance of recently introduced products such as the Sonic 136 portable ultrasonic flaw detector.

Planned engineering development was completed successfully on a new generation composite bond tester for the United States Navy under a 3-year \$2.2 million product development contract. A prototype instrument has been delivered and full scale production of this military instrument will begin later this year. A derivative instrument for the commercial market is being developed for launch in the near future.

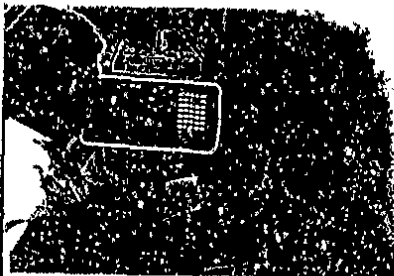
Further product development projects are also underway to broaden both the eddy current and ultrasonic ranges, with particular emphasis placed on shortening the development-production-launch cycle.

The manufacture of the industrial X-ray product line has begun in Kennewick, having been successfully transferred from Chatsworth, California.





The successful culmination of a design contract for the United States Navy this new Bond Tester for use with laminated non metal structures will detect bond failure in a wide variety of composites and constructions



Staveley Sensors' recently launched Advantage 'B' Scan probe in use at Retina Associates' diagnostic imaging clinic at Boston for patients with eye diseases.



Pioneered at the Harrison Research Centre, such miniaturised intravascular ultrasonic transducers can provide valuable information on thickness and plaque deposits in human blood vessel walls

Operational Review CONTINUED

This X-ray business, along with its related service component, has already proved an attractive adjacent product to our eddy current and ultrasonic instruments product lines.

Staveley Quality Services

Headquartered in Cincinnati, Ohio, the Staveley Quality Services (SQS) national network has been established as a separate division within the NDT group in recognition of, and to maintain, its growth in recent years.

Manned by well trained, skilled engineers, SQS is equipped to provide the full range of services to ensure the effective customer use of NDT instrument and sensors.

This focus on customer needs is not only ensuring good service growth but, equally importantly by underpinning our Instrument business at Kennewick, is proving an excellent marketing tool for our NDT Instrument activities.

Staveley Sensors

Considerable progress has now been made in consolidating the manufacture of higher volume sensors at East Hartford, Connecticut.

Plant investments and improved manufacturing practices have enabled output to be maintained but with much reduced manning levels. Equally important as a supplier of products to maintain 'quality', the quality standards of the sensors themselves reflect the emphasis on 'right first time'.

To balance the drift of long established sensors into commodity

items, the company continues to draw suitable resources to developing new products for specialist applications.

A typical example was the latest Advantage B-Scan, an ophthalmologic sensor, which was very well received at a recent conference of the American Academy of Ophthalmology and is now undergoing full evaluation at clinics.

In this medical field we have a small but important market standing and such advanced products as the Advantage B-Scan instrument help to support our advanced technological development team.

Conam Inspection

Although several of its prime industries - aerospace and steel - were affected by the recession, Conam continued to achieve growth.

Its oil analysis laboratory group, Cleveland Technical Centre (CTC), continued to expand, primarily by organic means, but with a measure of carefully targeted small acquisitions selected in appropriate geographical areas near new customer opportunities.

Further progress was made in utilising the modern facilities created last year for housing the central laboratory and headquarters of CTC, with several high volume, long-term contracts being won.

The NDT laboratory national network enlarged its geographical coverage by opening new laboratories in Pennsylvania, Florida and Louisiana offering a range of on-site and in-lab capabilities.

The full benefits of enlarging the NDT laboratory network were not fully obtained due to the recession in the USA automotive and related industries.

However, Conam continues to demonstrate its resilience as demonstrated by the speed with which it has re-focused resources on to those industrial sectors such as petroleum and oil refineries which are showing increased need for Conam type services.

NDT Overseas

The previous growth of overseas sales was halted by the effects of the Gulf war as established customers endeavoured to assess their changing needs.

Japan continued to be a very buoyant market as US aerospace companies placed sizeable subcontracting orders with Japanese manufacturers.

Elsewhere demand was erratic, particularly in Western Europe and the Middle East but new, potentially exciting customers and contacts were made in countries as far apart as Eastern Europe and South America.

These new contacts, together with existing established customers, should provide a sound base to maintain the substantial overseas growth record.





Financial Information

Directors' Report

Analysis of Ordinary Shareholdings

Category	Number	%	Holding	%
Individuals	4,002	90.5	9,206,873	9.8
Insurance companies, investment trusts, pension funds and other corporate holders	125	2.8	29,726,053	31.7
Nominee holdings	298	6.7	54,886,296	58.5
	<u>4,425</u>	<u>100.0</u>	<u>93,819,222</u>	<u>100.0</u>
Holdings				
1 to 2,500	3,415	77.2	2,718,369	2.9
2,501 to 10,000	728	16.4	3,463,715	3.7
10,001 to 50,000	144	3.2	3,187,157	3.4
50,001 to 250,000	69	1.6	8,761,916	9.3
250,001 to 500,000	26	0.6	9,835,149	10.5
500,001 and over	43	1.0	65,852,916	70.2
	<u>4,425</u>	<u>100.0</u>	<u>93,819,222</u>	<u>100.0</u>

Major Shareholders

As at 4 June 1991 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)	3,726,435	4.0
Confederation Life Group	2,913,000	3.1
Norwich Union Life Insurance Society	4,744,720	5.1
Pearl Group	2,875,000	3.1
Provident Mutual Group	3,650,000	3.9
Prudential Corporation Group	6,616,554	7.1
Robert Fleming Holdings Ltd	4,777,554	5.1
Schroder Investment Management Ltd	10,099,100	10.8
Scottish Amicable Investment Managers Ltd	5,240,350	5.6

Directors' Report

The Directors present their Report and Accounts for the 52 weeks ended 30 March 1991.

Activities of the group

The principal companies of the group, their activities and likely future developments are reviewed on pages 14 to 35, 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 40. The directors recommend the payment of a final dividend for the period of 5.9p per ordinary share, payable on 6 August 1991 to members on the register at the close of business on 5 July 1991. Added to the interim dividend of 2.3p paid on 7 January 1991, this will make a total ordinary dividend for the period of 8.2p per share (1990 - 7.6p). The dividend is not payable on shares applied for under the rights issue announced on 13 June 1991.

Fixed assets

The directors consider that as a whole the book value of the group's land and buildings continues to reflect their current market value.

Research and development

The group's research and development is undertaken at subsidiary level and is described in more detail in the relevant operating reviews (pages 16 to 35).

Charitable and political donations

Donations of £22,555 (1990 - £26,944) were made during the period for charitable purposes in the United Kingdom. Political donations amounted to £2,500 (1990 - £2,000), consisting of a contribution of that amount paid to British United Industrialists.

Directors

The following directors held office during the period:

RD Armitage, KA Battey, RS Bradley, RE Brown, MRB Gatenby, BH Kent, EJ Low, AR Styles and JM Woolley.

Mr KA Battey and Mr JM Woolley were appointed directors on 14 November 1990. Mr RS Bradley retired from the board on 25 July 1990.

Mr Kent and Mr Styles retire by rotation at the forthcoming annual general meeting, and Mr Battey and Mr Woolley retire in accordance with the provisions of the articles of association governing newly appointed directors. All four directors offer themselves for re-election. Mr Kent's service contract has a one-year notice period. Mr Styles and Mr Battey each have contracts terminable by the company

on three years' notice. Mr Woolley is a non-executive director and holds no service contract.

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 shares and debentures of the company and its subsidiaries is given on page 47.

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

RIGHTS ISSUE 1990

A one-for-four rights issue was announced in March 1990 and closed successfully in April 1990 with 94.1% of the offered number of 18,702,976 ordinary shares being taken up by shareholders at the offer price of 150p per share. The remaining shares were sold in the market and the net proceeds distributed to the shareholders entitled thereto. The issue was made to finance the acquisition by tender offer of the share capital of Howe Richardson Inc of the USA, with important subsidiaries in England and Germany, for \$34.8 million.

RIGHTS ISSUE 1991

On 13 June 1991 the company announced a rights issue of 18,767,142 new ordinary shares, on the basis of one new ordinary share for every five ordinary shares held, at an offer price of 150p each payable in full on acceptance. The new shares, which are offered to members on the register at the close of business on 6 June 1991, will not rank for the proposed final ordinary dividend for 1991, but otherwise rank *pari passu* with the existing ordinary shares of the company. The offer closes on 5 July 1991.

The issue will raise approximately £27.4 million net of expenses, which it is intended will be used to finance the acquisition of the remaining 43% of the common stock shares of Weigh-Tronix Inc not already held by the company, and to repay borrowings.

CANCELLATION OF SHARE PREMIUM ACCOUNT

The group's policy is to write off goodwill in full against the reserves in the consolidated balance sheet in the year in which the goodwill arises.

The purchase of the minority interest in Weigh-Tronix Inc referred to above is expected to give rise to goodwill of approximately US\$15 million, and further goodwill is likely to arise as a result of the company's future acquisition strategy programme in the measurement industry and other areas of potential development in the group. The effect of the rights issue of June 1991 will be to increase the share premium account from £20,000 to a total of approximately £23 million, but under present law goodwill cannot be written off against share premium account.

As in 1990, the shareholders will again be asked at the forthcoming annual general meeting to approve the cancellation of the amount standing to the credit of the share premium account. This takes the form of a special resolution, set out as Resolution No 8 in the notice of meeting.

If such approval is forthcoming, the directors will apply to the High Court for an order confirming the cancellation of such share premium account and the creation of a new reserve of equal amount against which goodwill arising on the purchase of the Weigh-Tronix minority interests, and other future acquisitions, may be written off. If the cancellation is confirmed by the High Court, the company will be required, as on the previous occasion, for the protection of creditors, to give the Court an undertaking that the new reserve will be treated as a separate reserve which will not be available for distribution by way of dividend, except as may be permitted by the Court, while liabilities at the date of the cancellation remain undischarged.

The cancellation of the share premium account will not affect the net assets of the company or group.

It is considered by the board that these proposals are in the best interests of the company, and they recommend all shareholders to vote in favour of Resolution No 8, as they will be doing in respect of their own holdings.

It is expected that the cancellation of the share premium account will become effective in October 1991.

DIRECTORS' AUTHORITY TO ISSUE SHARES

The directors' current 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 31,276,000 shares, being approximately

one-third of currently issued ordinary share capital. This is Resolution No 9 in the notice of meeting, which will be proposed as an ordinary resolution.

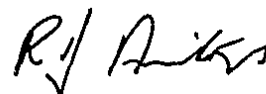
It is likewise proposed to renew the authority which the directors hold to issue a limited number of shares for cash without first offering them to the members pro rata to their shareholdings. This is the special resolution designated Resolution No 10 in the notice of meeting, and will allow for the issue of up to 4,391,200 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 Deloitte 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
13 June 1991

Registered Office
Staveley House
11 Dingwall Road
Croydon
Surrey CR9 3DB

Consolidated Profit and Loss Account

For the 52 weeks ended 30 March 1991

	Note	1991 £m	1990 £m
Turnover	1	329.5	264.0
Operating profit		<u>30.7</u>	<u>27.6</u>
Interest receivable		<u>0.9</u>	<u>0.3</u>
Trading profit	1	31.6	27.9
Interest payable and similar charges	3	<u>(3.6)</u>	<u>(3.4)</u>
Profit before tax	1	28.0	24.5
Tax on profit on ordinary activities	4	<u>(7.3)</u>	<u>(6.2)</u>
Profit on ordinary activities after tax		<u>20.7</u>	<u>18.3</u>
Minority interests		<u>(1.0)</u>	<u>(1.4)</u>
Profit before extraordinary items		<u>19.7</u>	<u>16.9</u>
Extraordinary items	5	<u>(2.0)</u>	<u>(2.8)</u>
Profit for the financial year	6	<u>17.7</u>	<u>14.1</u>
Dividends	7	<u>(7.7)</u>	<u>(6.8)</u>
Retained profit	17	<u>10.0</u>	<u>7.3</u>
Earnings per share	8	21.2	21.6

Statement of Consolidated Reserves

		1991 £m	1990 £m
At the beginning of the period		43.1	38.3
Retained profit for the period		10.0	7.3
Other movements		<u>(18.8)</u>	<u>(2.5)</u>
At the end of the period	17	<u>34.3</u>	<u>43.1</u>

The notes on pages 45 to 57 form part of these accounts. Auditors' report page 58

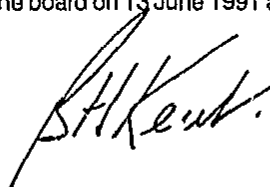
Consolidated Balance Sheet

30 March 1991

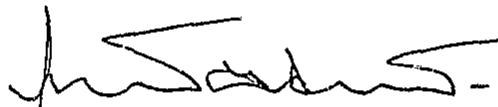
	Note	1991 £m	1990 £m
Fixed assets			
Tangible assets	9	81.0	72.0
Current assets			
Stocks	11	27.2	23.2
Debtors	12	85.2	79.0
Cash at bank		20.0	2.7
		132.4	104.9
Creditors:			
Amounts falling due within one year	13	(104.1)	(85.5)
Net current assets		28.3	19.4
Total assets less current liabilities		109.3	91.4
Creditors:			
Amounts falling due after one year	14	(38.7)	(20.5)
Provisions for liabilities and charges	15	(5.5)	(1.8)
Net assets		65.1	69.1
Capital and reserves			
Called up share capital	16	24.4	19.6
Share premium account	17	—	0.3
Revaluation reserve	17	27.0	26.5
Profit and loss account	17	7.3	16.3
Shareholders' funds		58.7	62.7
Minority interests		6.4	6.4
		65.1	69.1

Approved by the board on 13 June 1991 and signed on its behalf by

B H Kent
Director



R E Brown
Director



The notes on pages 45 to 57 form part of these accounts. Auditors' report page 58

Company Balance Sheet

30 March 1991

	Note	1991 £m	1990 £m
Fixed assets			
Tangible assets	9	44.6	29.2
Investments	10	28.3	13.7
		<u>72.9</u>	<u>42.9</u>
Current assets			
Stocks	11	3.0	1.2
Debtors	12	67.0	57.0
Cash at bank		14.8	0.7
		<u>84.8</u>	<u>58.9</u>
Creditors:			
Amounts falling due within one year	13	(76.3)	(41.9)
Net current assets		<u>8.5</u>	<u>17.0</u>
Total assets less current liabilities		<u>81.4</u>	<u>59.9</u>
Creditors:			
Amounts falling due after one year	14	(29.1)	(17.4)
Provisions for liabilities and charges	15	(2.0)	(0.9)
Net assets		<u>50.3</u>	<u>41.6</u>
Capital and reserves			
Called up share capital	16	24.4	19.6
Share premium account	17	—	0.3
Revaluation reserve	17	18.8	6.2
Profit and loss account	17	7.1	15.5
		<u>50.3</u>	<u>41.6</u>

Approved by the board on 13 June 1991 and signed on its behalf by

B H Kent
Director

R E Brown
Director

The notes on pages 45 to 57 form part of these accounts. Auditors' report page 58

Consolidated Statement of Source and Application of Funds

For the 52 weeks ended 30 March 1991

	1991 £m	1991 £m	1990 £m	1990 £m
Source of funds				
Profit before tax		28.0		24.5
Extraordinary items before tax		(2.7)		(3.0)
Adjustment for items not involving the movement of funds:				
Depreciation		8.1		7.1
Funds from operations		33.4		28.6
Funds from other sources				
Net book value of fixed asset disposals		3.8		4.7
Proceeds of share issues		27.8		0.2
		65.0		33.5
Application of funds				
Capital expenditure	15.9		10.9	
Fixed assets of new group undertakings	5.4		0.2	
Goodwill	38.6		4.8	
Tax paid	7.1		6.3	
Decrease in non-current creditors	0.3		0.3	
Net utilisation of provisions for liabilities and charges other than taxation	0.1		—	
Currency translation adjustments	3.1		0.4	
Minority interests	0.4		0.3	
Dividends paid to ordinary and preference shareholders	7.4		5.3	
Dividends paid to minority shareholders	0.3		0.3	
		78.6		28.8
		(13.6)		4.7
(Increase)/decrease in working capital				
Stocks	(4.0)		2.6	
Debtors other than taxation	(6.0)		(13.0)	
Current creditors other than bank overdrafts, dividends and taxation	21.1		5.8	
		11.1		(4.6)
		(2.5)		0.1
Net movement in funds				
Represented by increase/(decrease) in:				
Cash at bank		17.3		(4.4)
Bank loans and overdrafts – current		1.8		(3.0)
– other		(21.6)		7.5
		(2.5)		0.1

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. The accounts combine the accounts of the parent and its subsidiary undertakings which are made up to the same date. In the case of acquisitions, results are included in trading profit as 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. The turnover of business segments which are closed or sold is included up to the date of the decision to cease trading or the date of sale.

Profit and loss account

Trading profit represents the profits and losses arising from trading activities. Items which derive from events or transactions outside the ordinary activities of the group including closure costs from the date of the decision to close a business segment are treated as extraordinary items.

Research and development

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

Depreciation

Depreciation is calculated to write off the cost or amount of the 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	30 years maximum

Mineral reserves judged to have remaining lives in excess of 20 years are not depreciated.

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, under which substantially all the benefits and risks of ownership remain with the lessor, 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 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 on their account, 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 undertakings 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 undertakings are taken directly to reserves after setting off any differences arising on related borrowings; translation differences on such borrowings which cannot be set off in this manner and other translation differences are taken to trading profit.

Pension costs

The pension schemes of the group are classified as 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 and Profit

	1991 £m	1990 £m
United Kingdom	205.3	180.0
USA	66.4	58.9
Europe	35.4	8.1
Africa and Asia	10.0	7.4
Canada	8.8	6.5
Oceania and South America	3.6	3.1
Total turnover	329.5	264.0
Cost of sales	(228.4)	(179.8)
Gross profit	101.1	84.2
Distribution costs	(8.7)	(9.2)
Administrative expenses	(63.0)	(48.8)
Other operating income	1.3	1.4
Other interest receivable and similar income	0.9	0.3
Trading profit	31.6	27.9
Interest payable and similar charges	(3.6)	(3.4)
Profit before tax	28.0	24.5
Trading Profit is stated after charging:		
Depreciation of owned fixed assets	8.0	6.8
Depreciation of assets under finance leases	0.1	0.3
Directors' emoluments (see note 2)	1.0	0.9
Auditors' remuneration	0.5	0.4
Research and development expenditure	3.5	2.8
Operating lease rentals:		
Hire of plant and equipment	1.9	1.5
Other	1.3	0.6

Segmental analysis of

Turnover and Trading Profit

	1991 Turnover £m	1991 Trading Profit £m	1990 Turnover £m	1990 Trading Profit £m
Measurement	129.5	13.5	81.9	10.4
Mechanical & Electrical Services	145.5	6.4	120.2	5.5
Manufacturing	22.9	0.6	31.6	1.7
Minerals	31.6	11.1	30.3	10.3
	329.5	31.6	264.0	27.9

Notes to the Accounts

2 Directors and Employees

The weekly average number of
personnel employed in the business areas was:

	1991	1990
Measurement	2,697	1,929
Mechanical & Electrical Services	2,170	2,086
Manufacturing	456	757
Minerals	243	240
	<u>5,566</u>	<u>5,012</u>

Staff costs for the period were:

	£m	£m
Aggregate gross wages and salaries	86.3	70.9
National insurance contributions	9.8	6.4
Pension costs	1.4	0.9
	<u>97.5</u>	<u>78.2</u>

Emoluments of the directors including
pension contributions were:

	£'000	£'000
As directors	6	6
For management	1,017	909
Pensions paid to former executive director	5	5

The emoluments (excluding pension contributions and benefits from share options) of the chairman, who was also the highest paid director, were £224,014 (1990 - £199,920) 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:

	1991	1990
£5,001 - £10,000	1	-
£10,001 - £15,000	2	1
£35,001 - £40,000	-	1
£40,001 - £45,000	1	-
£65,001 - £70,000	-	1
£90,001 - £95,000	-	1
£105,001 - £110,000	-	2
£115,001 - £120,000	3	-
£120,001 - £125,000	-	1
£135,001 - £140,000	1	-

Notes to the Accounts

2 Directors and Employees *continued*

Directors' Interests

a) The directors in office at the end of the period had the following beneficial interests in the company's ordinary shares. Their interests are given as at the end of the period, and at the beginning or at their date of appointment if later.

	Stavoley Industries plc ordinary shares of 25p each	
	at 30 March 1991	at 1 April 1990
RD Armitage	2,000	2,000
KA Battey	—	—
RE Brown	40,837	33,837
MRB Gatenby	1,250	1,000
BH Kent	25,976	20,781
EJ Low	1,250	1,250
AR Styles	17,587	14,070
JM Woolley	—	—

*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 1 April 1990	options granted (including rights issue adjustments)	options released	options exercised	at 30 March 1991
RD Armitage	18,326	103,916	2,326	—	119,916
KA Battey	45,538	101,836	—	—	147,374
RE Brown	165,005	115,482	4,793	—	275,694
BH Kent	105,005	86,704	—	50,000	141,709
EJ Low	126,708	114,647	6,979	—	234,376
AR Styles	45,005	110,636	4,793	—	150,848

The above figures exclude entitlements to the March 1990 one-for-four rights issue, which each director took up in full. In addition, Mr Armitage, Mr Brown and Mr Kent each held an option over 3,000 common stock shares of Weigh-Tronix Inc at the beginning and end of the period. In each case no change occurred in the position during the period.

c) There are no non-beneficial interests and no director had any interest in the company's preference shares or loan stock. By 4 June 1991 there had been no change in any of the above interests.

Notes to the Accounts

3 Interest Payable

	1991 £m	1990 £m
Bank loans and overdrafts and loans repayable within 5 years	3.6	3.0
Other loans	—	0.4
	<u>3.6</u>	<u>3.4</u>

4 Tax on Profit on Ordinary Activities

	1991 £m	1990 £m
The charge for taxation is made up as follows:		
UK corporation tax at 34% (1990 – 35%)	6.1	5.4
Overseas taxation	1.2	0.9
Deferred taxation	—	(0.1)
	<u>7.3</u>	<u>6.2</u>

The charge for taxation for the period was increased by £0.5 million (1990 – £0.1 million) arising from the reversal of timing differences, for which no deferred tax had been provided.

5 Extraordinary Items

	1991 £m	1990 £m
Disposals and closure costs	2.7	3.0
Taxation thereon	(0.7)	(0.2)
	<u>2.0</u>	<u>2.8</u>

6 Profit for the Financial Year

Of the consolidated profit attributable to the shareholders of Staveley Industries plc, a profit of £11.3 million (1990 – £9.8 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

	1991 £m	1990 £m
Interim 2.3p per ordinary share paid (1990 – 2.1p)	2.2	1.6
Final 5.9p per ordinary share now recommended (1990 – 5.5p)	5.5	5.2
	<u>7.7</u>	<u>6.8</u>

Half yearly dividends on the 5¼% cumulative preference shares of £1 each were paid on 28 September 1990 and 31 March 1991.

Notes to the Accounts

8 Earnings per Share

The calculation of earnings per share is based on earnings of £19.7 million (1990 - £16.9 million) being the group profit before extraordinary items, less the preference dividend, and on the average number of ordinary shares in issue during the period of 92,903,718 (1990 - 74,712,068). It also incorporates an adjustment to compensate for the effect of the rights issue of shares on 17 April 1990 at less than full market price. This adjustment has been applied in the restatement of earnings per share for all prior years.

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 1 April 1990	36.2	0.8	7.1	58.9	103.0
Currency translation adjustments	(0.1)	—	(0.3)	(0.9)	(1.3)
New group undertakings	3.1	0.4	—	1.9	5.4
Additions	5.6	0.2	0.1	10.0	15.9
Disposals	(1.7)	—	(0.1)	(6.2)	(8.0)
At 30 March 1991	43.1	1.4	6.8	63.7	115.0
Cost or valuation comprises					
Cost	10.8	1.0	6.8	63.7	82.3
Valuation 1986	4.3	0.4	—	—	4.7
Valuation 1989	8.0	—	—	—	8.0
Valuation 1991	20.0	—	—	—	20.0
Accumulated depreciation					
At 1 April 1990	0.7	0.1	1.2	29.0	31.0
Currency translation adjustments	—	—	—	(0.3)	(0.3)
Charge for period	0.8	—	0.3	7.0	8.1
Disposals	(0.1)	—	(0.1)	(4.0)	(4.2)
Revaluation	(0.6)	—	—	—	(0.6)
At 30 March 1991	0.8	0.1	1.4	31.7	34.0
Net book value					
At 30 March 1991	42.3	1.3	5.4	32.0	81.0
At 31 March 1990	35.5	0.7	5.9	29.9	72.0

	THE COMPANY				
	Freehold Properties £m	Long Leases £m	Short Leases £m	Plant and Equipment £m	Total £m
Cost or valuation					
At 1 April 1990	19.9	0.4	0.8	19.4	40.5
Additions	0.3	—	0.1	3.7	4.1
Group transfers	10.3	0.3	0.5	10.1	21.2
Disposals	(0.7)	—	—	(2.5)	(3.2)
At 30 March 1991	29.8	0.7	1.4	30.7	62.6

Notes to the Accounts

9 Tangible Fixed Assets *continued*

	THE COMPANY				
	Freehold Properties £m	Long Leases £m	Short Leases £m	Plant and Equipment £m	Total £m
Cost or valuation comprises:					
Cost	9.6	0.7	1.4	30.7	42.4
Valuation 1986	0.2	—	—	—	0.2
Valuation 1991	20.0	—	—	—	20.0
Accumulated depreciation					
At 1 April 1990	0.1	—	0.2	11.0	11.3
Charge for period	0.7	—	0.1	2.8	3.6
Group transfers	—	—	0.3	5.1	5.4
Disposals	—	—	—	(1.7)	(1.7)
Revaluation	(0.6)	—	—	—	(0.6)
At 30 March 1991	0.2	—	0.6	17.2	18.0
Net book value					
At 30 March 1991	29.6	0.7	0.8	13.5	44.6
At 31 March 1990	19.8	0.4	0.6	8.4	29.2

Notes:

- Additions to the group's fixed assets during the period include £0.2 million in respect of capital work in progress on which no depreciation has been charged during the period. Capital work in progress included at cost at 30 March 1991 amounted to £0.2 million (1990 – £0.2 million).
- The group's fixed assets at 30 March 1991 include assets at a cost of £8.8 million (1990 – £8.4 million) which were still in use but which had been fully depreciated.
- The 1991 valuation was carried out by Wilks Head & Eve, chartered surveyors, and concerned properties employed in the Minerals business area. Buildings were valued on the basis of depreciated replacement cost at £17.1 million and land on the basis of open market value for existing use at £2.9 million.
- The net book value of the group's plant and equipment includes £1.0 million (1990 – £1.3 million) in respect of assets held under finance leases.
- 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 30 March 1991	9.1	0.4	5.5
At 31 March 1990	9.1	0.3	4.5
Depreciation			
At 30 March 1991	2.1	0.1	1.6
At 31 March 1990	2.4	0.1	1.3
Net book value			
At 30 March 1991	7.0	0.3	3.9
At 31 March 1990	6.7	0.2	3.2

Notes to the Accounts

10 Fixed Asset Investments

	THE COMPANY	
	1991 £m	1990 £m
Group undertakings	35.1	232
Less: Amounts written off	(6.8)	(95)
	<u>28.3</u>	<u>137</u>

The movement in the period was as follows.

At 1 April 1990	13.7
Additions at cost	11.9
Provisions – on disposals	7.7
– for the period	(50)
At 30 March 1991	<u>28.3</u>

The principal group undertakings are named on pages 14 and 15.

11 Stocks

The amounts attributable to the different categories are as follows:	THE GROUP		THE COMPANY	
	1991 £m	1990 £m	1991 £m	1990 £m
Raw materials and consumables	13.5	10.2	0.4	0.6
Work in progress	6.9	5.1	1.6	—
Finished goods and goods for resale	6.8	7.9	1.0	0.6
	<u>27.2</u>	<u>23.2</u>	<u>3.0</u>	<u>1.2</u>

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

12 Debtors

	THE GROUP		THE COMPANY	
	1991 £m	1990 £m	1991 £m	1990 £m
Amounts falling due within one year				
Trade debtors	65.5	61.2	35.1	57
Amounts owed by group undertakings	—	—	19.1	47.9
Amounts recoverable on contracts	12.4	11.8	9.3	—
Other debtors	2.8	2.5	1.2	1.5
Prepayments and accrued income	1.6	1.8	0.4	0.2
	<u>82.3</u>	<u>77.3</u>	<u>65.1</u>	<u>55.3</u>
Amounts falling due after one year				
Trade debtors	1.0	—	—	—
Other debtors	1.9	1.7	1.9	1.7
	<u>85.2</u>	<u>79.0</u>	<u>67.0</u>	<u>57.0</u>

Other debtors falling due after one year in both the group and the company comprise advance corporation tax on the proposed dividend.

Notes to the Accounts

13 Creditors

Amounts falling due within one year	THE GROUP		THE COMPANY	
	1991 £m	1990 £m	1991 £m	1990 £m
Debenture loans (see note 14)	3.1	—	3.1	—
Bank loans and overdrafts	3.5	5.3	—	5.5
Obligations under finance leases	0.3	0.3	—	—
Payments received on account	7.9	5.4	6.0	—
Trade creditors	41.7	42.6	29.7	28
Bills of exchange payable	1.6	0.2	—	—
Amounts owed to group undertakings	—	—	13.9	15.7
Other creditors including taxation and social security	12.0	11.7	11.0	8.3
Accruals and deferred income	28.5	14.8	7.1	3.4
Dividends proposed	5.5	5.2	5.5	5.2
	<u>104.1</u>	<u>85.5</u>	<u>76.3</u>	<u>41.9</u>

Other creditors including taxation and social security includes tax liabilities of £7.8 million (1990 – £8.2 million) in the group and £7.5 million (1990 – £7.9 million) in the company.

14 Creditors

Amounts falling due after one year	THE GROUP		THE COMPANY	
	1991 £m	1990 £m	1991 £m	1990 £m
Debenture loans	2.8	5.9	2.8	5.9
Bank loans and overdrafts	34.9	13.3	26.3	11.5
Obligations under finance leases	1.0	1.3	—	—
	<u>38.7</u>	<u>20.5</u>	<u>29.1</u>	<u>17.4</u>

Debenture loans comprise:

7½% unsecured loan stock redeemable at par between

30 September 1986 and 30 September 1991	3.1	3.1	3.1	3.1
30 September 1988 and 30 September 1993	2.8	2.8	2.8	2.8
	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>

Current liability (note 13)

Non-current liability	3.1	—	3.1	—
	<u>2.8</u>	<u>5.9</u>	<u>2.8</u>	<u>5.9</u>

Bank loans and overdrafts are repayable:

Between one and two years	0.4	1.4	—	—
Between two and five years	31.5	11.9	26.3	11.5
Over five years	3.0	—	—	—
	<u>34.9</u>	<u>13.3</u>	<u>26.3</u>	<u>11.5</u>

Bank loans and overdrafts of subsidiary undertakings of £3.6 million (1990 – £3.2 million) are repayable by instalments of which £1.8 million fall due for payment more than five years after the balance sheet date. The principal loan involved, which was

Notes to the Accounts

14 Creditors

Amounts falling due after one year *continued*

inherited with the acquisition of Howe Richardson Inc, totals £3.4 million; this is secured by a charge on freehold property, is repayable by sixteen equal half-yearly instalments ending on 31 March 1999 and bears interest at 6.5%.

	THE GROUP	
	1991 £m	1990 £m
Finance lease obligations are payable:		
Between one and two years	0.3	0.3
Between two and five years	0.4	0.5
In five years or more	0.3	0.5
	<u>1.0</u>	<u>1.3</u>

15 Provisions for Liabilities and Charges

	THE GROUP		THE COMPANY	
	1991 £m	1990 £m	1991 £m	1990 £m
Provisions have been made in respect of:				
Pensions and similar obligations	3.5	0.4	—	—
Deferred tax	0.1	0.1	0.1	—
Other items	1.9	1.3	1.9	0.9
	<u>5.5</u>	<u>1.8</u>	<u>2.0</u>	<u>0.9</u>

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

	Full potential liability 1991 £m	Provision made 1991 £m	Full potential liability 1990 £m	Provision made 1990 £m
The Group				
Accelerated tax allowances	2.6	0.1	3.6	0.1
Revaluation	3.8	—	3.4	—
Other	(1.0)	—	(0.6)	—
	<u>5.4</u>	<u>0.1</u>	<u>6.4</u>	<u>0.1</u>
The Company				
Accelerated tax allowances	1.4	0.1	1.3	—
Other	(0.7)	—	(0.5)	—
	<u>0.7</u>	<u>0.1</u>	<u>0.8</u>	<u>—</u>

Notes to the Accounts

16 Share Capital

	1991 £m	1990 £m
Authorised:		
93,819,222 (1990 – 74,811,907) ordinary shares of 25p each	23.5	18.7
940,000 5¼% cumulative preference shares of £1 each	0.9	0.9
102,420,778 (1990 – 41,428,093) unclassified shares of 25p each	25.6	10.4
	<u>50.0</u>	<u>30.0</u>
Allotted, called up and fully paid:		
93,819,222 (1990 – 74,811,907) ordinary shares of 25p each	23.5	18.7
940,000 5¼% cumulative preference shares of £1 each	0.9	0.9
	<u>24.4</u>	<u>19.6</u>

a) During the period 304,339 ordinary shares were allotted pursuant to the company's option schemes, and 18,702,976 ordinary shares were allotted under the one-for-four rights issue which closed on 17 April 1990. The rights issue was made as a means of financing the acquisition of the entire issued capital of Howe Richardson Inc. of the USA. The shares issued during the period had an aggregate nominal value of £4,751,828 and were issued for an aggregate consideration of £28,579,849.

b) At 30 March 1991 there were options outstanding under the Staveley Industries Share Savings Scheme 1982 to subscribe for ordinary shares at prices of between 80.02p and 162.20p (1990 – 64p to 168.75p) 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 now and 1 March 1996. At 30 March 1991 options were outstanding over a total of 2,096,695 (1990 – 1,227,806) ordinary shares.

c) At 30 March 1991 there were no further options outstanding under the Staveley Industries Executive Share Option Scheme 1982 (1990 – 38,000 ordinary shares under option at subscription prices of 60p and 63.75p per share).

d) At 30 March 1991 there were options outstanding under the Staveley Industries Executive Share Option Scheme 1985 for a total of 1,541,908 (1990 – 970,000) ordinary shares of the company at subscription prices of between 122.07p and 182p (1990 – 127p to 186.25p) per share exercisable at various dates from now to 20 November 2000. The scheme also provides for the issue of parallel options, which offer the holders the choice of exercising either their parallel option or a corresponding option which each holds under the Staveley Industries Executive Share Option Scheme 1982. To the extent that either option is exercised, the other lapses. At 30 March 1991 there were no such options outstanding (1990 – parallel options were in issue over 18,000 ordinary shares at a subscription price of 127p per share).

Notes to the Accounts

17 Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
The Group					
At 1 April 1990	0.3	26.5	—	16.3	43.1
Retained profit for the period	—	—	—	10.0	10.0
Other movements:					
Premium on issue of ordinary shares	23.0	—	—	—	23.0
Transfer to other reserves	(23.3)	—	23.3	—	—
Goodwill on acquisition of subsidiaries	—	—	(23.3)	(15.3)	(38.6)
Currency translation adjustments	—	(0.1)	—	(3.7)	(3.8)
Surplus on revaluation of fixed assets	—	0.6	—	—	0.6
At 30 March 1991	—	27.0	—	7.3	34.3
The Company					
At 1 April 1990	0.3	6.2	—	15.5	22.0
Retained profit for the period	—	—	—	3.6	3.6
Other movements:					
Premium on issue of ordinary shares	23.0	—	—	—	23.0
Transfer between reserves	(23.3)	12.0	23.3	(12.0)	—
Goodwill on acquisition of subsidiaries	—	—	(23.3)	—	(23.3)
Surplus on revaluation of fixed assets	—	0.6	—	—	0.6
At 30 March 1991	—	18.8	—	7.1	25.9

On 25 July 1990 a special resolution was passed cancelling the share premium account. This was confirmed by the Court on 19 November 1990 and the balance of £23.3 million then standing on that account was transferred to other reserves.

The £12 million transfer to revaluation reserve by the company relates to surpluses on the professional valuation of properties recorded by subsidiary undertakings which were subsequently realised by the disposal of those properties to other members of the group and distributed to the company.

The net loss to the group arising from the translation of foreign currency borrowings amounted to £0.5 million which comprised a gain of £0.3 million included in retained profit for the period and a loss of £0.8 million included in currency translation adjustments above. Goodwill written off to date on the acquisition of group undertakings existing at 30 March 1991 amounted to £70 million including that arising on the acquisition of Howe Richardson Inc in April 1990.

18 Capital Commitments

	THE GROUP		THE COMPANY	
	1991 £m	1990 £m	1991 £m	1990 £m
Authorised and contracted for	1.5	0.7	0.4	0.1
Authorised but not contracted for	1.1	1.1	0.9	0.9

Notes to the Accounts

19 Leasing Obligations

	Property Leases £m	Other Leases £m
Annual rentals payable by the group on operating leases expiring		
Within one year	01	02
Between two and five years	13	13
Over five years	13	02
	<u>27</u>	<u>17</u>

20 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 6 April 1989 using the attained age funding 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 £83.2 million and their actuarial valuation represented 139% of the value of the accrued benefits. The surplus is being used to improve benefits and to enable the group's contributions to the scheme to remain suspended.

The German scheme is internally funded. The consolidated balance sheet includes a provision of £2.9 million (1990 – Nil) and a charge of £0.3 million (1990 – Nil) was made against the profit of the period in its respect.

The pension cost charge for the period in respect of all group pension schemes was £1.4 million (1990 – £0.9 million), see note 2.

21 Contingent Liabilities

a) Contingent liabilities at 30 March 1991 in respect of performance bonds, tender bonds and guarantees for third parties amounted to £11.0 million for the company and £12.8 million for the group (1990 – £8.0 million for the company and group). The company has also issued certain guarantees in respect of the liabilities of its subsidiary undertakings arising in the normal course of their trading activities.

b) Some of the subsidiary undertakings' bank overdrafts are the subject of a company guarantee, and at 30 March 1991 the liability amounted to £4.4 million (1990 – £0.7 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 subsidiary undertakings in favour of the other ordinary creditors of those companies.

d) The company has a contingent liability of £0.2 million (1990 – £0.6 million) in respect of value added tax liabilities arising in subsidiary undertakings.

e) The company and certain subsidiary undertakings are parties to legal actions and claims arising in the ordinary course of business. The companies are contesting these actions and the directors have been advised and believe that they will be disposed of without material effect on the net assets of the business.

22 Loans to Officers

At 30 March 1991 a loan of £86,206 was outstanding to an overseas officer of the company (1990 – £90,909).

Notes to the Accounts

23 Acquisition of Howe Richardson Inc

The following table summarises the book and fair values of the assets and liabilities of Howe Richardson Inc with an analysis of the reconciling adjustments:

	Book values £m	Accounting adjustments £m	Fair values £m
Fixed assets			
Intangible	0.4	(0.4)	—
Tangible	4.7	0.7	5.4
	<u>5.1</u>	<u>0.3</u>	<u>5.4</u>
Current assets			
Stocks	11.1	(4.4)	6.7
Debtors	16.1	(0.9)	15.2
Cash at bank	6.2	—	6.2
	<u>33.4</u>	<u>(5.3)</u>	<u>28.1</u>
Creditors:			
Amounts falling due within one year	(17.4)	(16.5)	(33.9)
Net current assets	<u>16.0</u>	<u>(21.8)</u>	<u>(5.8)</u>
Total assets less current liabilities	21.1	(21.5)	(0.4)
Creditors:			
Amounts falling due after one year	(13.3)	0.7	(12.6)
Provisions for liabilities and charges:			
Pensions	(2.3)	(0.6)	(2.9)
Deferred tax	(1.0)	1.0	—
Net assets	<u>4.5</u>	<u>(20.4)</u>	<u>(15.9)</u>
Consideration			<u>(22.7)</u>
Goodwill transferred to reserves (note 17)			<u>(38.6)</u>
The accounting adjustments comprise			
Major items	(15.2)		
Revaluations	2.2		
Alignment of policies	(1.9)		
Other provisions	(5.5)		
Total as above	<u>(20.4)</u>		

The major items included in the accounting adjustments relate principally to the restructuring of Howe Richardson's business in the USA which involved its relocation to new bases of operation and the closure of its production plant for stand alone weighing products.

In the year to 31 December 1989, its last audited accounts prior to acquisition, Howe Richardson Inc reported a profit before tax of US\$5.8 million. Its results for the four months to April 1990 have been omitted as they would not be meaningful because of the subsequent substantial reorganisation.

Auditors' Report

Coopers
& Lybrand
Deloitte

To the members of Staveley Industries plc

We have audited the accounts on pages 40 to 57 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 30 March 1991 and of the profit and source and application of funds 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 Deloitte

Coopers & Lybrand Deloitte
Chartered Accountants
London, 13 June 1991

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 24 July 1991 at 12 noon in the Crystal Palace Room to consider and, if thought fit, to pass the following resolutions, of which Nos 1 to 7 and 9 will be proposed as Ordinary Resolutions and Nos 8 and 10 as Special Resolutions:

Resolution No 1

To receive the directors' report and the accounts for the 52 weeks ended 30 March 1991 and to declare a final dividend for the period.

To re-elect the following directors, who retire by rotation:

Resolution No 2

Mr BH Kent

Resolution No 3

Mr AR Styles

To re-elect the following directors appointed since the last annual general meeting:

Resolution No 4

Mr KA Battey

Resolution No 5

Mr JM Woolley

Resolution No 6

To reappoint the auditors, Coopers & Lybrand Deloitte.

Resolution No 7

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

The following resolutions as special business:

Resolution No 8 (Special Resolution)

That the share premium account of the company be cancelled.

Resolution No 9

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 31 October 1992 if earlier) all the powers of the company to allot relevant securities up to an aggregate nominal amount of £7,819,000

(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 10 (Special Resolution)

That:

(a) during the period from the date hereof to the date of the next annual general meeting (or 31 October 1992 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 £1,172,800

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

1 July 1991

This notice is being sent to all shareholders and loan stockholders. Ordinary shareholders are entitled to attend and vote at the meeting on all resolutions. Preference shareholders are entitled to attend and vote on Resolution No 8. Loan stockholders receive this notice for information only and have no attendance or voting rights. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll, to vote instead of him. The proxy need not be a shareholder of the company. The proxy card enclosed with this report is applicable to the annual general meeting and, to be effective, must be completed, signed and lodged with the company's registrars, Barclays Registrars, Bourns House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the meeting. Members holding both ordinary and preference shares will receive two proxy cards, and should complete both. 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 5 August 1991.

Financial Calendar

24 July 1991

128th Annual General Meeting

6 August 1991

Payment of final dividend for the financial period ended March 1991

30 September 1991

Payment of preference dividend and interest on 7½ % unsecured loan stock 1988/93 for the half year ending 30 September 1991

Repayment of 7½ % unsecured loan stock 1986/91, with interest for the half year ending 30 September 1991

November 1991

Announcement of results for the half year ending September 1991

6 January 1992

Payment of interim dividend for the financial period ending March 1992

31 March 1992

Payment of preference dividend and loan stock interest for the half year ending 31 March 1992

June 1992

Announcement of results for the financial period ending March 1992

July 1992

129th Annual General Meeting