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NEWELL DUNFORD LIMITED
GROUP
REPORT AND ACCOUNTS
1983

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NEWELL DUNFORD LIMITED

DIRECTORS AND OFFICERS

Directors

V. J. Smith - Chairman
G. H. Craine
J. T. Fitton
D. A. Norton

Secretary

R. A. Brown

Auditors

Peat, Marwick, Mitchell & Co., Chartered Accountants,
The Fountain Precinct, 1 Balm Green, Sheffield S1 3AF

Bankers

Lloyds Bank Plc, P.O. Box 85, 14 Church Street, Sheffield S1 1HP

Registered Office

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

NEWELL DUNFORD LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 30th September 1983.

Results

The consolidated profit and loss account shows a profit for the year attributable to shareholders of £205,229. The directors recommend that a dividend of £535,558 be paid, partly out of prior year profits. As a result £330,329 will be deducted from reserves.

Business review

The principal activities of the group consist of the design, supply, installation and management of process engineering equipment and systems and the marketing and servicing of agricultural and earthmoving machinery. There has been no significant change in these activities during the year apart from the introduction of a subsidiary specialising in operating service contracts.

The process plant companies have established a main contractor role with increased emphasis on process plant engineering as against simple machinery supply. The trading results were adversely affected by the recession, competition for orders and the lack of contract completions. However, significant order intake, albeit at competitive prices, provides a solid base for the future.

The marginal increase in both turnover and profit before taxation in the year of the agricultural and earthmoving machinery company has been achieved through increased market share in difficult trading conditions.

Fixed assets

The movements in fixed assets during the year are shown in notes 10 to 12.

Directors

The directors during the year were:

| | |
|--------------|------------|
| V. J. Smith | - Chairman |
| G. H. Craine | |
| J. T. Fitton | |
| D. A. Norton | |
| R. Procter | |
| D. J. Taft | |

Mr. R. Procter and Mr. D. J. Taft resigned as directors on 1st October 1983.

NEWELL DUNFORD LIMITED

REPORT OF THE DIRECTORS
(continued)

Directors' interests

At 30th September 1983 Mr. V. J. Smith and Mr. D. A. Norton were directors of the company's immediate holding company, Firsteel Group Limited (formerly Firsteel Hadfields Limited). Their share interests are shown in the directors' report of that company.

The other directors who held office at 30th September 1983 had the following interests in the shares of Lonrho Plc group companies:

| | <u>Ordinary shares in Lonrho Plc</u> | | | |
|--------------|--------------------------------------|---------------|----------------------------|---------------|
| | <u>30th September 1983</u> | | <u>30th September 1982</u> | |
| | <u>Fully paid</u> | <u>Option</u> | <u>Fully paid</u> | <u>Option</u> |
| G. H. Craine | - | 2,000 | - | 1,000 |
| J. T. Fitton | - | 2,000 | - | 1,000 |
| R. Procter | - | 5,000 | - | 2,500 |
| D. J. Taft | 130 | - | 130 | - |

Auditors

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

By order of the board

R. A. BROWN

Secretary



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

23rd December 1983

REPORT OF THE AUDITORS TO THE MEMBERS OF

NEWELL DUNFORD LIMITED

We have audited the accounts on pages 5 to 18 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared in accordance with the accounting policies set out on page 9, give a true and fair view of the state of affairs of the company and of the group at 30th September 1983 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 to 1981.

Per Maurice Mitchell
PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

Sheffield
23rd December 1983

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30th SEPTEMBER 1983

| | <u>Note</u> | <u>1983</u> £ | <u>1982</u> £ |
|--|-------------|-------------------------|---------------------------|
| TURNOVER | 2 | 8,562,454 | 9,823,353 |
| Cost of sales | | <u>(6,381,611)</u> | <u>(7,411,599)</u> |
| GROSS PROFIT | | 2,180,843 | 2,411,754 |
| Distribution and administrative costs | 3 | <u>(2,040,854)</u> | <u>(1,894,426)</u> |
| | | 139,989 | 517,328 |
| Other operating income | 4 | <u>89,541</u> | <u>95,417</u> |
| OPERATING PROFIT | | 229,530 | 612,745 |
| Interest payable | 5 | <u>(21,954)</u> | <u>(43,828)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 6 | 207,576 | 568,917 |
| Taxation on profit on ordinary activities | 9 | <u>(2,347)</u> | <u>(2,588)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 205,229 | 566,329 |
| Proposed dividend | | <u>(535,558)</u> | <u>-</u> |
| | | (330,329) | 566,329 |
| Retained profit brought forward | | <u>1,114,936</u> | <u>548,607</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>784,607</u> ===== | <u>1,114,936</u> ===== |

The notes on pages 9 to 18 form part
of these accounts

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30th SEPTEMBER 1983

| | <u>Note</u> | <u>1983</u> £ | <u>1982</u> £ |
|--|-------------|---------------------------|---------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 4 | 4 |
| Tangible assets | 11 | <u>308,455</u> | <u>266,106</u> |
| | | <u>308,459</u> | <u>266,110</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 1,559,091 | 1,406,697 |
| Debtors | 14 | 2,944,977 | 3,036,546 |
| Cash at bank and in hand | | <u>20,180</u> | <u>19,131</u> |
| | | <u>4,524,248</u> | <u>4,462,374</u> |
| CREDITORS: | | | |
| Amounts falling due within one year | 15 | <u>3,690,416</u> | <u>3,263,548</u> |
| NET CURRENT ASSETS | | <u>833,832</u> | <u>1,198,826</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,142,291 | 1,464,936 |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 15 | <u>7,684</u> | <u>-</u> |
| NET ASSETS | | <u>1,134,607</u> ===== | <u>1,464,936</u> ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 350,000 | 350,000 |
| Profit and loss account | | <u>784,607</u> | <u>1,114,936</u> |
| | | <u>1,134,607</u> ===== | <u>1,464,936</u> ===== |

Approved by the board of directors on 23rd December 1983

V. J. SMITH)
)
G. H. CRAINE)

Directors
G. Henry Gaine

The notes on pages 9 to 18 form part
of these accounts

NEWELL DUNFORD LIMITED

BALANCE SHEET AT 30th SEPTEMBER 1983

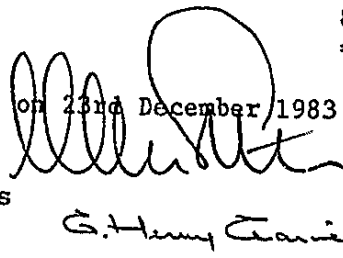
| | <u>Note</u> | <u>1983</u> £ | <u>1982</u> £ |
|--|-------------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 26,610 | 30,393 |
| Investments - subsidiaries | 12 | <u>457,930</u> | <u>365,271</u> |
| | | 484,540 | 395,664 |
| CURRENT ASSETS | | | |
| Debtors | 14 | 2,183,596 | 1,839,643 |
| Cash at bank and in hand | | <u>647</u> | <u>902</u> |
| | | 2,184,243 | 1,840,545 |
| CREDITORS: | | | |
| Amounts falling due within one year | 15 | <u>947,590</u> | <u>430,637</u> |
| NET CURRENT ASSETS | | <u>1,236,653</u> | <u>1,409,908</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,721,193 | 1,805,572 |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 15 | <u>822,586</u> | <u>870,944</u> |
| NET ASSETS | | <u>898,607</u> ===== | <u>934,628</u> ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 350,000 | 350,000 |
| Profit and loss account | 17 | <u>548,607</u> | <u>584,628</u> |
| | | 898,607 ===== | 934,628 ===== |

Approved by the board of directors on 23rd December 1983

V. J. SMITH)

) Directors

G. H. CRAINE)



The notes on pages 9 to 18 form part of these accounts

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30th SEPTEMBER 1983

| | <u>1983</u> | <u>1982</u> |
|---|-------------|-------------|
| | £ | £ |
| <u>SOURCE OF FUNDS</u> | | |
| Profit on ordinary activities before taxation | 207,576 | 568,917 |
| Adjustments for items not involving the movement of funds: | | |
| Depreciation | 45,345 | 34,396 |
| (Profit)/loss on sales of tangible fixed assets | (902) | 7,444 |
| Funds generated from operations | 252,019 | 610,757 |
| Funds from other sources: | | |
| Proceeds from sales of tangible fixed assets | 9,973 | 5,609 |
| Increase in creditors: Amounts falling due after more than one year | 7,684 | - |
| | 269,676 | 616,366 |
| <u>APPLICATION OF FUNDS</u> | | |
| Purchases of tangible fixed assets | (96,765) | (313,557) |
| Taxation paid | (2,347) | (2,588) |
| | (99,112) | (316,145) |
| <u>INCREASE IN WORKING CAPITAL</u> | 170,564 | 300,221 |
| <u>COMPONENTS OF INCREASE IN WORKING CAPITAL</u> | | |
| Stocks | 152,394 | 1,406,697 |
| Debtors* | (91,569) | 2,531,457 |
| Creditors: Amounts falling due within one year | 137,109 | (3,373,336) |
| Movement in net liquid funds: | | |
| Cash at bank and in hand | 1,049 | 19,131 |
| Bank loans and overdrafts* | (28,419) | (283,728) |
| | 170,564 | 300,221 |

* Summary of the effects of the acquisition of subsidiary:

| | <u>Net assets acquired</u> | | <u>Discharged by</u> |
|---------|----------------------------|------|----------------------|
| | £ | | £ |
| Debtors | 92,659 | Cash | 92,659 |
| | ===== | | ===== |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention.

(b) Consolidation of group companies

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

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

A separate profit and loss account dealing with the results of the company only has not been presented.

The company's subsidiaries are shown in note 12.

(c) Depreciation

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

| | |
|----------------------------------|-----------|
| Freehold buildings | 2% |
| Plant and machinery | 6% - 12½% |
| Fixtures, fittings and equipment | 10% - 25% |

No depreciation is provided on freehold land.

Government grants are deducted from the cost of fixed assets.

(d) Stocks

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

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

(e) Deferred taxation

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

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

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

PROFIT AND LOSS ACCOUNT

2. Turnover

Turnover represents sales of goods and services net of discounts, allowances and value added tax.

The analysis of turnover by activity is as follows:

| | <u>1983</u> | <u>1982</u> |
|--|------------------|------------------|
| | £ | £ |
| Design, supply, installation and management of process engineering equipment | 4,049,001 | 5,921,202 |
| Marketing and servicing of earthmoving and agricultural machines | <u>4,513,453</u> | <u>3,902,151</u> |
| | 8,562,454 | 9,823,353 |
| | ===== | ===== |

The analysis of turnover by geographical area is as follows:

| | <u>1983</u> | <u>1982</u> |
|------------------|------------------|------------------|
| | £ | £ |
| United Kingdom | 6,015,655 | 5,848,657 |
| Africa | 34,185 | 788,173 |
| Americas | 266,144 | 6,205 |
| Europe and other | <u>2,246,470</u> | <u>3,180,318</u> |
| | 8,562,454 | 9,823,353 |
| | ===== | ===== |

3. Distribution and administrative costs

| | <u>1983</u> | <u>1982</u> |
|----------------------------|------------------|------------------|
| | £ | £ |
| Distribution costs | 263,758 | 228,448 |
| Other administrative costs | <u>1,777,096</u> | <u>1,665,978</u> |
| | 2,040,854 | 1,894,426 |
| | ===== | ===== |

4. Other operating income

| | <u>1983</u> | <u>1982</u> |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Exchange profit on normal trading | 1,724 | 2,279 |
| Interest receivable - group | 52,884 | 47,971 |
| Other interest receivable | <u>34,933</u> | <u>45,167</u> |
| | 89,541 | 95,417 |
| | ===== | ===== |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

PROFIT AND LOSS ACCOUNT (continued)

| | | | |
|----|--|----------------|----------------|
| 5. | <u>Interest payable</u> | <u>1983</u> | <u>1982</u> |
| | | £ | £ |
| | Bank loans, overdrafts and other loans repayable within five years | 21,954 | 42,744 |
| | On bills discounted | - | 1,084 |
| | | <u>21,954</u> | <u>43,828</u> |
| | | ===== | ===== |
| 6. | <u>Profit on ordinary activities before taxation</u> | | |
| | (a) The analysis of profit before taxation by activity is as follows: | | |
| | | <u>1983</u> | <u>1982</u> |
| | | £ | £ |
| | Design, supply, installation and management of process engineering equipment | 80,518 | 448,835 |
| | Marketing and servicing of earthmoving and agricultural machines | <u>127,058</u> | <u>120,082</u> |
| | | 207,576 | 568,917 |
| | | ===== | ===== |
| | (b) Profit on ordinary activities before taxation is stated after crediting: | | |
| | | <u>1983</u> | <u>1982</u> |
| | | £ | £ |
| | Profit on sales of tangible fixed assets | (902) | - |
| | | === | === |
| | and after charging: | | |
| | Depreciation of tangible fixed assets | 45,345 | 34,396 |
| | Loss on sales of tangible fixed assets | - | 7,444 |
| | Directors' emoluments (note 7) | 112,775 | 102,609 |
| | Hire of plant and machinery | 56,229 | 40,486 |
| | Auditors' remuneration | 21,250 | 17,750 |
| | Group management charges | 75,000 | 25,000 |
| | | ===== | ===== |
| 7. | <u>Directors' emoluments</u> | | |
| | | <u>1983</u> | <u>1982</u> |
| | | £ | £ |
| | Executive remuneration | 88,943 | 81,743 |
| | Pension costs | <u>23,832</u> | <u>20,866</u> |
| | | <u>112,775</u> | <u>102,609</u> |
| | | ===== | ===== |
| | Executive remuneration includes: | | |
| | Chairman and highest paid director | 34,007 | 29,252 |
| | | ===== | ===== |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
 (continued)

PROFIT AND LOSS ACCOUNT (continued)

| | | | |
|----|---|----------------|----------------|
| 7. | <u>Directors' emoluments (continued)</u> | <u>1983</u> | <u>1982</u> |
| | The remuneration of the other directors within the following ranges: | | |
| | £0 - £5,000 | 2 | 4 |
| | £15,001 - £20,000 | 3 | 3 |
| 8. | <u>Staff numbers and costs</u> | | |
| | The average number of persons employed by the group during the year was as follows: | | |
| | | <u>1983</u> | <u>1982</u> |
| | Management, administration and sales | 157 | 157 |
| | | ===== | ===== |
| | The aggregate payroll cost was as follows: | | |
| | | <u>1983</u> | <u>1982</u> |
| | | £ | £ |
| | Wages and salaries | 1,152,480 | 1,073,127 |
| | Social security costs | 94,870 | 106,343 |
| | Other pension costs | <u>134,973</u> | <u>112,580</u> |
| | | 1,382,323 | 1,292,050 |
| | | ===== | ===== |
| 9. | <u>Taxation</u> | | |
| | | <u>1983</u> | <u>1982</u> |
| | | £ | £ |
| | Overseas taxation | 2,347 | 2,588 |
| | | ===== | ===== |
| | No provision for corporation tax on the profits for the year has been made due to the effect of losses brought forward and also the receipt of losses surrendered for no consideration by other companies in the Lonrho Plc group. The charge if no losses had been brought forward or surrendered would amount to £50,338 (1982 - £296,016). | | |
| | A subsidiary has losses for corporation tax purposes of £134,000 (1982 - £194,000) which are available to reduce corporation tax payable on future trading profits of that company. | | |

BALANCE SHEET

| | | | |
|-----|--|--|-----------------------------|
| 10. | <u>Intangible fixed assets - Group</u> | | |
| | | | <u>Licences and patents</u> |
| | | | £ |
| | Cost: | | |
| | At 1st October 1982 and 30th September 1983 | | 82,564 |
| | Amortisation: | | |
| | At 1st October 1982 and 30th September 1983 | | <u>82,560</u> |
| | Net book amount: | | |
| | At 30th September 1982 and 30th September 1983 | | 4 |
| | | | ===== |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

BALANCE SHEET (continued)

11. Tangible fixed assets

| | Group | | | Total £ | Company |
|------------------------|---|-------------------------------------|--|------------|--|
| | <u>Freehold land and buildings</u> £ | <u>Plant and machinery</u> £ | <u>Fixtures, fittings and equipment</u> £ | | <u>Fixtures, fittings and equipment</u> £ |
| Cost: | | | | | |
| At 1st October 1982 | 130,000 | 216,234 | 233,323 | 579,557 | 47,088 |
| Additions | - | 2,974 | 88,325 | 91,299 | 19,962 |
| Disposals | - | (6,398) | (56,420) | (62,818) | (21,888) |
| Intra-group transfers | - | - | 7,093 | 7,093 | (9,444) |
| At 30th September 1983 | 130,000 | 212,810 | 272,321 | 615,131 | 35,718 |
| Depreciation: | | | | | |
| At 1st October 1982 | 5,500 | 174,662 | 133,289 | 313,451 | 16,695 |
| Charge for the year | 2,000 | 7,597 | 35,748 | 45,345 | 8,280 |
| Disposals | - | (6,139) | (47,608) | (53,747) | (15,553) |
| Intra-group transfers | - | - | 1,627 | 1,627 | (314) |
| At 30th September 1983 | 7,500 | 176,120 | 123,056 | 306,676 | 9,108 |
| Net book amount: | | | | | |
| 30th September 1983 | 122,500 | 36,690 | 149,265 | 308,455 | 26,610 |
| 30th September 1982 | 124,500 | 41,572 | 100,034 | 266,106 | 30,393 |

In accordance with the group's accounting policy no depreciation has been provided on freehold land with a book amount of £30,000 at 30th September 1983 and 1982.

12. Fixed assets - investments in subsidiaries

| | 1983 £ | 1982 £ |
|----------------|-----------|-----------|
| Shares at cost | 457,930 | 365,271 |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

BALANCE SHEET (continued)

12. Fixed assets - investments in subsidiaries (continued)

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

N.D. Engineering Limited
Tollemache Limited
Robert Hudson (Machinery Sales & Service) Limited
Operations Technology Limited (formerly B. Huntsman Limited) -
acquired 1st March 1983

Further details are given on page 19.

The movement in shares at cost during the year is:

| | £ |
|--|------------------|
| Balance at 1st October 1982 | 365,271 |
| Acquisition of Operations Technology Limited (formerly B. Huntsman Limited) | <u>92,659</u> |
| Balance at 30th September 1983 | 457,930 ===== |

13. Stocks

| <u>Group</u> | <u>1983</u> | | <u>1982</u> | |
|--|------------------|---------------------------|----------------|---------------------------|
| | £ | £ | £ | £ |
| Raw materials and consumables | | 501 | | 501 |
| Work in progress | 1,134,776 | | 737,287 | |
| Less progress payments | <u>1,018,261</u> | | <u>468,377</u> | |
| | | 116,515 | | 268,910 |
| Finished goods and goods for resale | | <u>1,442,075</u> | | <u>1,137,286</u> |
| | | <u>1,559,091</u> ===== | | <u>1,406,697</u> ===== |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

BALANCE SHEET (continued)

14. Debtors

| | <u>Group</u> | | <u>Company</u> | |
|--|------------------|------------------|------------------|------------------|
| | <u>1983</u> | <u>1982</u> | <u>1983</u> | <u>1982</u> |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Trade debtors | 1,770,336 | 2,238,265 | - | - |
| Amounts owed by fellow subsidiaries | 25,347 | 5,091 | - | - |
| Amounts owed by subsidiaries | - | - | 20 | 102,600 |
| Other debtors | 75,743 | 210,804 | 3,198 | 2,383 |
| Prepayments and accrued income | <u>91,916</u> | <u>82,386</u> | <u>3,393</u> | <u>5,660</u> |
| | 1,963,342 | 2,536,546 | 6,611 | 110,643 |
| | ===== | ===== | ===== | ===== |
| Amounts falling due after more than one year | | | | |
| Trade debtors | 33,650 | - | - | - |
| Amounts owed by subsidiaries | - | - | 1,229,000 | 1,229,000 |
| Amounts owed by holding company | <u>947,985</u> | <u>500,000</u> | <u>947,985</u> | <u>500,000</u> |
| | 981,635 | 500,000 | 2,176,985 | 1,729,000 |
| | ===== | ===== | ===== | ===== |
| Total | <u>2,944,977</u> | <u>3,036,546</u> | <u>2,183,596</u> | <u>1,839,643</u> |
| | ===== | ===== | ===== | ===== |

15. Creditors

| | <u>Group</u> | | <u>Company</u> | |
|--|----------------|-------------|----------------|-------------|
| | <u>1983</u> | <u>1982</u> | <u>1983</u> | <u>1982</u> |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Bank loans and overdrafts | 312,147 | 283,728 | 406,157 | 403,914 |
| Trade creditors | 1,501,679 | 1,455,466 | 1,946 | 1,623 |
| Amounts due to fellow subsidiaries | 452,177 | 305,592 | - | - |
| Amounts due to subsidiaries | - | - | - | 10,409 |
| Amounts due to related companies | 4,445 | - | - | - |
| Indirect tax and social security liabilities | 46,409 | 26,347 | - | - |
| Other creditors | 645,331 | 704,550 | 2,004 | - |
| Accruals | 192,670 | 487,865 | 1,925 | 14,691 |
| Dividends | <u>535,558</u> | - | <u>535,558</u> | - |
| | 3,690,416 | 3,263,548 | 947,590 | 430,637 |
| | ===== | ===== | ===== | ===== |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

BALANCE SHEET (continued)

15. Creditors (continued)

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------|-------------|----------------|----------------|
| | <u>1983</u> | <u>1982</u> | <u>1983</u> | <u>1982</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| Amounts falling due after more than one year | | | | |
| Amounts due to subsidiaries | - | - | 820,077* | 870,944 |
| Other creditors | <u>7,684</u> | <u>-</u> | <u>2,509</u> | <u>-</u> |
| | <u>7,684</u> | <u>-</u> | <u>822,586</u> | <u>870,944</u> |
| | ===== | ===== | ===== | ===== |

* after deducting dividends receivable £468,569

16. Called up share capital

| | <u>Authorised</u> | | <u>Allotted, called up and fully paid</u> | |
|--|-------------------|----------------|---|----------------|
| | <u>1983</u> | <u>1982</u> | <u>1983</u> | <u>1982</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| Ordinary shares of 50p each | 400,000 | 400,000 | 320,000 | 320,000 |
| 5% (now 3.5% + tax credit) cumulative preference shares of £1 each | 10,000 | 10,000 | 10,000 | 10,000 |
| 6% (now 4.2% + tax credit) cumulative 'A' preference shares of £1 each | <u>40,000</u> | <u>40,000</u> | <u>20,000</u> | <u>20,000</u> |
| | <u>450,000</u> | <u>450,000</u> | <u>350,000</u> | <u>350,000</u> |
| | ===== | ===== | ===== | ===== |

By virtue of the provisions of Section 18 of Schedule 23 of the Finance Act 1972, since 5th April 1973 preference dividends are payable at the rate of 3.5% on the cumulative preference shares and 4.2% on the cumulative 'A' preference shares. Preference dividends for the twenty-four half years ended 30th June 1983 amounting to £15,173 have been included in the proposed dividend.

NEWELL DUNFORD LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

BALANCE SHEET (continued)

17. Reserves

| <u>Company</u> | <u>Profit and loss account</u> £ |
|--------------------------------|---|
| Balance at 1st October 1982 | 584,628 |
| Loss for the year | <u>(36,021)</u> |
| Balance at 30th September 1983 | 548,607 ===== |

18. Capital commitments

| | <u>Group</u> | | <u>Company</u> | |
|--|------------------|------------------|------------------|------------------|
| | <u>1983</u> £ | <u>1982</u> £ | <u>1983</u> £ | <u>1982</u> £ |
| Contracted for, but not provided in the accounts | 41,575 | - | - | - |
| Authorised by the directors, but not yet contracted for | <u>134,600</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | 176,175 | - | - | - |
| | ===== | === | === | === |

19. Pension commitments

The group contributes to pension funds which cover the majority of its employees, including the directors. These schemes are separately administered by trustees. Contributions to these funds, which are charged against profit in the year in which they are payable, are based upon actuarial advice following the most recent valuation of the fund.

20. Contingent liabilities

(a) Deferred taxation

In accordance with the deferred taxation policy of the group (see note 1(e)) no provision has been made for deferred taxation. The contingent liability for deferred taxation at 30th September 1983 calculated at 52%, for which no provision has been made in the accounts, is as follows:

| | <u>1983</u> £ | <u>1982</u> £ |
|---|------------------|------------------|
| Excess capital allowances over depreciation provisions | 21,908 | 496 |
| Other short term timing differences | <u>(10,850)</u> | <u>-</u> |
| | 11,058 | 496 |
| | ===== | === |

NEWELL DUNFORD LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1983
(continued)

BALANCE SHEET (continued)

20. Contingent liabilities (continued)

(b) Leasing agreements

At 30th September 1983 the group had entered into a number of agreements for the leasing of plant, machinery and equipment. These agreements extend for various periods not exceeding 15 years and, in the event of prior termination, compensation will be payable.

(c) Other

Additional contingent liabilities exist in respect of:

| | <u>Group</u> | | <u>Company</u> | |
|--------------------------------|----------------|----------------|----------------|-------------|
| | <u>1983</u> | <u>1982</u> | <u>1983</u> | <u>1982</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| Counter indemnities to bankers | 39,178 | 65,317 | - | - |
| Performance bonds | 522,885 | 537,130 | 26,000 | - |
| Insurance bonds | <u>411,240</u> | <u>105,932</u> | <u>-</u> | <u>-</u> |
| | 973,303 | 708,379 | 26,000 | - |
| | ===== | ===== | ===== | === |

(d) Certain subsidiaries are jointly and severally liable to a limit of £1,500,000 (1982 - £1,500,000) in respect of the indebtedness of a fellow subsidiary on an open account with Lloyds Bank Plc. The amount of the contingent liability at 30th September 1983 was £40,183 (1982 - £42,425).

21. Ultimate holding company

The company is a wholly owned subsidiary of Firststeel Group Limited (formerly Firststeel Hadfields Limited), whose ultimate holding company is Lounrho Plc, a company which is incorporated in Great Britain.

NEWELL DUNFORD LIMITED

PRINCIPAL SUBSIDIARY COMPANIES

ACTIVITIES AND PRODUCTS

| <u>Name</u> | <u>Location</u> | <u>Activities</u> |
|--|--|---|
| N.D. Engineering Limited) Tollemache Limited) | Misterton and Surbiton | Design, supply and installation of process engineering equipment. |
| Robert Hudson (Machinery Sales & Service) Limited | Castleford, Broughton and Ormskirk | Marketing and servicing of earthmoving and agricultural machines. |
| Operations Technology Limited | Bawtry | Plant management contractors. |