

Mathew+Platt

1975 REPORT & ACCOUNTS

Mather+Platt

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REPORT AND ACCOUNTS 1975

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DIRECTORS AND OFFICERS

Board of Directors Sir William Mather, O.B.E., M.C., T.D., D.L., M.A., C.Eng., *Chairman*
John F. Taylor, M.A.
Alasdair B. M. Orr, M.A., C.Eng.
Herbert C. North
Albert E. Lambert, C.Eng.
Stanley Ward, F.C.A., *Secretary*
Harry C. Smith, C.Eng.

Registered Office Park Works, Manchester, M10 6BA

Auditors Turquands Barton Mayhew & Co., *Chartered Accountants*,
8 King Street, Manchester, M2 4LT

Solicitors Boote, Edgar & Co.,
53 Spring Gardens, Manchester, M2 2DH

Bankers National Westminster Bank Limited,
55 King Street, Manchester, M60 2DB

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Mather & Platt

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NOTICE OF MEETING

Notice is hereby given that the Seventy-eighth Annual General Meeting of Mather & Platt Limited will be held at Park Works, Newton Hoath, Manchester, on Thursday, 29th April, 1976, at 12 o'clock noon, for the following purposes:

Resolution

- 1 To consider and adopt the Directors' Report and Accounts at 31st December, 1975.
- 2 To declare a final dividend.
- 3 To re-elect Mr. Herbert C. North a Director.
- 4 To re-elect Mr. John F. Taylor a Director.
To fix the remuneration of the Auditors.
- 5 To consider as special business and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution, namely:—
That the Articles of Association of the Company be altered by deleting from line six of Article 87 the sum of "£10,000" and substituting therefor the sum of "£30,000".

By order of the Board
STANLEY WARD, *Secretary*.
6th April, 1976

Special Resolution The purpose of the Resolution, particularly taking into account current inflationary trends, is to increase the maximum sum at the disposal of the Directors should non-executive directors be appointed in the future.

A member who is entitled to attend and vote at the Annual General Meeting may appoint a proxy, who need not be a member, to attend the Annual General Meeting and vote instead of him. A proxy may vote only on a poll. For the convenience of Shareholders a form of proxy for the Annual General Meeting is enclosed.

In accordance with the General Undertaking given to the Stock Exchange, contracts of service of the Directors with the Company will be available for inspection during normal business hours on any weekday (Saturdays and Public Holidays excluded) from the date of this notice until the date of the meeting and, together with the Register of Directors' interests under Section 29 of the Companies Act, 1967, at the Annual General Meeting.

Financial Diary

Ordinary dividend	Interim	announced	28th August, 1975
		paid	20th October, 1975
	Final	announced	18th March, 1976
		payable	10th May, 1976
Preference dividend		paid	1st September, 1975 and 1st March, 1976
7½% Debenture Stock, 1987/92		paid	30th June, 1975, and 31st December, 1975
10½% Debenture Stock, 1995/2000		paid	30th June, 1975, and 31st December, 1975

Capital Gains Tax

The market value of the shares in Mather & Platt Limited at 6th April, 1965, was:
£1 Preference 71.25p £1 Ordinary 168.75p.

The close company provisions of the Income and Corporation Taxes Act, 1970 do not apply to the Company.

SALIENT INFORMATION

for the year ended 31st December,

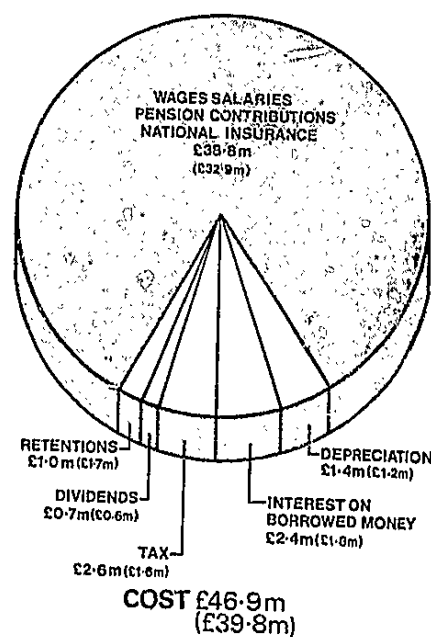
	1975 £	1974 £
Aggregate Turnover	105,747,219	86,068,283
Trading Profit	7,166,560	5,363,599
Percentage Earned	6.78	6.23
Interest Charges	2,451,797	1,806,486
Trading Profit after Interest	4,714,763	3,557,113
Attributable to Ordinary Shareholders	4,668,402	3,454,515
Ordinary Shareholders' Interest	28,927,520	26,559,832
Percentage Earned	16.14	13.01
Group Profit after Taxation	2,062,094	1,952,992
Surplus arising on Disposal of Land and Buildings		353,061
Cost and Settlement of Court Action less taxation	330,693	
Dividends Paid and Proposed	690,379	643,846
Tax Credit	371,743	317,118
Retained Profits	669,279	1,345,089
Depreciation	1,412,793	1,192,729

worldwide delivery of products and services..... producing income which was spent on:-

	1975 %	1974 %		1975 %	1974 %
UNITED KINGDOM	37.4	40.6	MATERIALS	39.3	41.0
EUROPE	22.7	24.8	OTHER COSTS OF RUNNING THE GROUP	16.2	13.5
OTHERS	3.2	3.1	WAGES SALARIES PENSION CONTRIBUTIONS NATIONAL INSURANCE	36.7	37.6
AFRICA	9.5	9.6	DEPN 1.3		
ASIA	9.1	7.0	INTEREST 2.3		
AUSTRALASIA	11.8	9.9	TAX 2.5		
AMERICAS	6.3	5.0	DIVIDEND 0.7		
			RETAINED 1.0		

TURNOVER This year £105.7million
Last year £86.1million

The M&P 'cake'



CHAIRMAN'S STATEMENT

General

1975 was a year of economic recession with falling demand and the fierce competition of a narrowing market. Against this background it is particularly gratifying that Mather & Platt can again report record turnover and profits and a higher order intake.

Turnover exceeded £100 million for the first time increasing from £86 million to £105 million (23%) while gross profits increased from £5.4 to £7.2 million (34%).

Interest charges, which showed an increase of £0.58 million at the first half-year increased by £0.06 million in the second half and by the year end were reducing.

The profits after interest thus increased from £3,557,113 to £4,714,763 (33%).

At the half-year the dividend on the ordinary shares was increased from 0.75p per share to 0.825p per share. Your Directors now recommend increasing the final dividend by the maximum allowed from 1.75p per share paid in 1974 to 1.842p per share, making a total dividend of 2.667p per share compared with 2.5p per share last year. This represents an increase with Tax Credits of 10%. Thereafter it is recommended that £250,000 be transferred to General Reserve.

Early in the year the portents for a serious world recession in trade were so apparent that despite a good order book we decided to slim down our organisation. Accordingly we amalgamated the five trading divisions of Pump and Electrical, General Machinery, Food and Packaging Machinery, Fire Engineering and Security into two Groups; the Machinery Group and the Fire Engineering and Security Group. The reduction from five Management Boards to two resulted in a general reduction of personnel throughout the UK organisation. The logic of the reorganisation was explained in advance to those concerned and consultation took place with the Staff and Unions. Those made redundant were treated with consideration; the operation was, nevertheless, a painful one and we are all most grateful for the past service and loyal co-operation of the several hundred people made redundant and wish them success in the future. I am sure that shareholders would wish to be associated with these sentiments.

Overheads in 1976 should show savings of well over a million pounds and this, together with other savings, should make our prices more competitive and improve margins.

British Industry is often accused of low investment per employee. In fact, British industrial investment is very

similar to that in Europe or America; but where there is over-manning the criteria, of investment per head, can be misleading.

The Mather & Platt group turnover of £105 million is financed by Share Capital and Reserves of £29 million and various term loans and overdrafts of £20.7 million, giving a gearing of total borrowings to shareholders' funds of 71%. While this is high by UK standards, it would not be abnormal in most other developed countries and your Company has a reasonable margin of borrowing capability. The 1975 increased turnover of £20 million required an additional £1.5 million of finance. But as already stated borrowing was reducing by the year end despite a 19% increase in order intake. There are various reasons for this improvement in cash flow; the reduction in overhead already mentioned and the general tightening up which results from such an operation; a balance and type of business suited to our resources and particularly to the more realistic payments policy which we instituted some two years ago and to which I referred in last year's Annual Statement. We expect this improvement to continue.

The transfer of wealth from the oil importing nations to the oil producing nations has affected the trading pattern of the Mather & Platt Group, and has contributed to the UK share of profits increasing from approximately 25% to nearly 40%.

Orders booked in mainland Europe have shown a reduction, but have been compensated for by North Sea and Middle East orders for pumping plant and fire protection of a highly sophisticated nature. Business in North and South America and Australasia has also been buoyant. In India Mrs. Gandhi's tightened hold on the economy and her virtual elimination of the black market has released funds for internal trading and our Indian operations have been particularly successful. Unfortunately the high taxes and shortage of foreign exchange prevent much advantage accruing to UK shareholders.

Trading in Africa has been satisfactory and in particular in the Sudan and in East and South Africa. With improving political stability we also look forward to an upsurge in West Africa.

The fall in the level of world trade has had a more adverse effect upon the ordinary type of industrial spending than upon sophisticated projects and while this causes a certain lack of balance in our factories, it is a trend which otherwise suits the Mather & Platt organisation which is better geared to advanced technology than to straight-forward products.

Fire Engineering and Security Group

The Fire Engineering home sales and profits were again a record despite a decline in the construction of new buildings. This decline has provided the opportunity to amalgamate a number of UK subsidiary companies and streamline their operations. Overseas, despite an increase in turnover, the profits were down.

We are now probably the world's major supplier of fire protection systems for off-shore oil production platforms. These systems embody all the latest techniques in extinguishment and in electronic fire and gas detection.

In November we were awarded a contract for £4.75 million by Shell UK Exploration and Production for four production platforms in the Brent, Cormorant, and Dunlin fields. This work, together with other large orders in power stations and chemical plants for very specialised systems, is helping to fill the gap left by the downturn in the UK building industry.

Mather & Platt Alarms Limited was formed during the year to combine our fire alarm and high security systems. Their increase in turnover was comfortably ahead of inflation and their general performance showed an improvement.

Mather & Platt Security Limited continue to expand in the installation market in homes, shops and smaller commercial premises.

Alarm Equipment Supplies Limited had a difficult year due to the downturn in the UK market which could not all be recovered in exports. With business from within the Group for the Shell oil production platforms we are looking for a better performance this year.

Security Lock & Safe Company Limited which manufactures a complete range of high security safes, has been awarded a major contract for the supply of safes to the Post Office. Its factory at Telford is now fully loaded and we look forward to improved results in 1976.

Machinery Group

Mather & Platt manufacture pumps in factories in England, Scotland, Australia, India, South Africa and Canada, and each territory achieved record turnovers and profits. Substantial orders were also received from and delivered to North Sea Oil operations, the Canadian mining and power industries, and to the Middle and Far East. A shift in product-mix towards higher technology pumps created a

change in labour requirements and a rearrangement of production facilities. Pump test beds in the five main factories are all being extended and provided with more sophisticated automatic controls, which in some cases includes computerisation. These improvements will eliminate bottlenecks and provide very high standards of speed and accuracy.

There has been a downturn in the demand for small electric motors and we have accordingly expanded further into the manufacture of the larger sizes where the demand is stronger. Overall, the order level is satisfactory.

While the UK demand for textile finishing machinery has been poor, we have delivered some interesting ranges of specialised processing machinery. Export orders, which usually contribute about 85% of turnover, have been excellent, resulting in the best profits for some years and a good order book.

The design of textile finishing machinery has become progressively lighter over the years and more akin to our food processing machinery. During the year it was decided to move the manufacture from our main Manchester works to our Radcliffe works, where the food machinery is manufactured. This will also make more floor space available for pump manufacture in Manchester.

Despite a falling order book in the UK, food and packaging machinery produced record profits: 1976 is unlikely to be equally good, though the Radcliffe factory should have a satisfactory work load with the additional General Machinery work.

The new business of Anti-Pollution Systems has now substantially absorbed its establishment charges and is making a satisfactory profit. Unfortunately the cut-back in local authority expenditure in the UK has resulted in a virtual standstill in environmental improvement and this is seriously affecting development work and home orders. Overseas orders are encouraging.

Despite difficult conditions in the woollen textile and carpet industries, Sellers & Co. have again had a good year — largely on account of export orders. Future prospects are reasonable.

Although the Machinery Group would naturally benefit from an upturn in the domestic economy, the overall order book is satisfactory due to its strong overseas operations.

Overseas Operations

Recession and inflation have also been features testing our businesses overseas. The effect in the more well-developed countries has been over-capacity and therefore a squeeze on margins. However, the flexibility of our resources has enabled us quickly to exploit new markets and the maturity of communications throughout our international network of operating companies has facilitated the transfer of proven technology from the more developed territories to the less developed. Therefore, while our companies in Continental Europe, particularly France and Germany, have not been able to maintain the growth rate to which we have become accustomed, in other countries, particularly Australia, Brazil, Kenya, India, and South Africa, the demand for our skills and products has been good.

The reinvestment of oil revenues in the Middle East has provided increasing and profitable export opportunities from which we are benefiting and for the service of which we have increased our own permanent presence. In addition to a comprehensive network of agents we now have our own representatives in Iran, Saudi Arabia, and the Persian Gulf.

The increasing interference of many governments in industry and commerce is making it more difficult to operate overseas, particularly as the requirements of the governments of the countries in which we operate often infringe the regulations of our own or other governments. For instance, in South Africa we are asked by our government to make a statement on wages and conditions of Africans we employ while we are restricted by the South African Government in so doing. We can, however, claim that the pay and conditions and training facilities for our non-white staff are above average and that we are pioneering the introduction of certain specialist skills.

Personnel

The Vice-Chairman, Mr. J. D. Paybody, MBE, FCA, intimated that he wished to retire from the Company at the year end. After distinguished War Service he joined the Company in 1947 as an assistant to the Group Works Director. Later he became Company Secretary, Board Director, Managing Director, and Vice-Chairman. He will be missed as a member of our management team, but I am happy to say that we shall retain his services as a consultant.

Mr. P. C. C. Tweedie, OBE, MA, who had been a member of the Board since 1969 and had been responsible for the Food and Packaging Machinery Division, had to retire due

to ill health last June, twelve months prematurely. We all hope his operation will restore his health and that he will have a long and happy retirement.

The Mather & Platt team has had a difficult time during the year: shifting markets, falling markets, and the increased competition that goes with them, uncertainties caused by reorganisation and change and the trauma of redundancies, all set against the depressing background of the British national performance. That the results have been so good is a great tribute to the morale of all concerned and demonstrates the strength and resilience of a multinational company. I am sure you will join with me in thanking and congratulating our management, staff, and workpeople throughout the world on their excellent performance.

Future Prospects

The British capital goods industry has long suffered from Government policies which have been consumer-orientated or, at best, commerce-orientated. More recently we have had a Government policy, dictated by extreme political theorists actively attacking industry, supposedly for its own benefit, and like the leeches of old, when the patient becomes anaemic they prescribe more of the same treatment. If the Government would cut out over-interference in industry, which is really a form of escapism, and concentrate on the business of government as opposed to management, British industry including nationalised industry could perform very much better. The problem is not made easier by the vindictive rates of tax levied on successful executives in Britain, where take-home pay is often less than half that of their opposite numbers overseas. Overseas jobs obviously attract the most able people.

There are faint signs of realism on the political horizons and it would seem that in both Government and the TUC, the extremists who have caused Britain to have the worst inflation rate in Europe, are being overtaken by the failure of their policies and are on the way out. If this is so, we could look forward to an upturn in confidence and consequent domestic investment.

The present state of the Mather & Platt Group order book should ensure satisfactory results in 1976, even if there is no improvement in the economy. If there is an upturn, particularly in Britain, and it comes in time to be converted into sales during 1976, then Mather & Platt could have a very good year. At present it looks as though the pattern of 1975 will be repeated in 1976 and that the improvement will continue.

REPORT OF THE DIRECTORS

The Directors submit their Report and Accounts for the year ended 31st December, 1975.

Group Activities

The Group manufactures a wide range of engineering products, including fire protection equipment, pumps, electric motors, anti-pollution equipment, textile finishing machinery, food processing and packing machinery, electronic intruder devices, safes, steel rolling shutters and gates, unit heaters and general steel, iron and bronze foundry products.

The Group also installs complete systems which incorporate its products.

Capital

On the 2nd July, 1975, 168,963 Ordinary Shares were issued fully paid in satisfaction of the consideration for the acquisition of the remaining 20% interest in D.J.M. Electronics Limited.

Financial Results

The Consolidated Profit for the year as shown in the Profit and Loss Account amounts to £4,714,763 compared with £3,557,113 for the previous year.

After deducting cost and settlement of court action, taxation and the interests of Minority Shareholders, the net amount attributable to the Mather & Platt Group is £1,741,401 (1974, £2,316,053).

Appropriating £10,000 (1974, £10,000) to the Employees' Benefit Fund and deducting the Dividends, as detailed below, amounting to £690,379 (1974, £643,846), the profit retained by the Company is £241,819 (1974, £44,367) and by Subsidiary Companies £799,203 (1974, £1,617,840).

Dividends

After payment of the Preference Dividend for the six months ended 31st December, 1975, the Directors recommend the payment of a final Ordinary Dividend of 1.842p per share (1974, 1.75p per share). Together with the Interim Dividend of 0.825p per share (1974, 0.75p per share), this makes a total Ordinary Dividend for the year of 2.667p per share (1974, 2.5p per share).

With the tax credit this represents 4.103p per share — 16.412% (1974, 3.731p per share — 14.925%).

Details of dividends paid and proposed are shown in the Group Profit and Loss Account on Page 9.

Exports

Excluding goods manufactured within the Group for export by customers, the value of goods exported from the United Kingdom by the Group during the year amounted to £14,959,904 (1974, £12,412,661).

Employees

The average number of persons employed in the United Kingdom in each week during 1975 was 6,874 (1974, 7,902) and the aggregate remuneration of such persons was £18,293,429 (1974, £16,471,703).

The Group employs a total of approximately 12,300 persons.

Contributions

During 1975, £7,791 was donated for charitable purposes in the United Kingdom.

A contribution of £250 was made to Aims of Industry and £600 to British United Industrialists.

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Directors

Mr. Herbert C. North and Mr. John F. Taylor retire by rotation and, being eligible, offer themselves for re-election.

The names of the persons who, at any time during the financial year, were directors of the Company and their interests in the Company as defined in the Companies Act, 1967, at 31st December, 1975, are shown below.

		31st December, 1975			1st January, 1975		
		Shares		Incentive Scheme	Shares		Incentive Scheme
		Ordinary	Preference		Ordinary	Preference	
Sir William Mather	*	61,524	300	50,000	69,524	300	50,000
	†	36,835			36,835		
	‡	364,548			364,548		
John F. Taylor	*	57,536	350	30,000	55,000		30,000
	†	23,100	250		23,100	250	
Alasdair B. M. Orr	*	6,400		30,000	6,400		30,000
Herbert C. North	*	1,576	400	21,000	1,576	400	21,000
	†	560			560		
Albert E. Lambert	*	4,864	200	18,000	2,864	200	18,000
Stanley Ward	*	2,000	250	12,000	2,000	250	12,000
Harry C. Smith	*	2,000		18,000	2,000		18,000

*beneficial †as trustee ‡as trustee of Ernest Mather Workpeople's Holiday Fund

Mr. J. Douglas Paybody and Mr. Patrick C. C. Tweedie were also directors during the year.

No director has an interest in the Company's Debenture Stock, nor a beneficial interest in the shares of any subsidiary and there have been no changes in the above holdings between 1st January, 1976, and 18th March, 1976, except that Mr. Herbert C. North has ceased to hold 560 ordinary shares as trustee and Mr. Alasdair B. M. Orr and Mr. Harry C. Smith have each acquired 560 ordinary shares held as trustee. Other than service agreements no contracts exist with the Company or its subsidiaries in which any director has a material interest.

Substantial Shareholding

Wormald International Limited of Sydney, Australia, are interested in 2,785,000 25p Ordinary Shares of the Company (10.9928%).

Inflation Accounts

The directors welcome the recognition of the need for inflation accounting. However, to avoid confusion it is not proposed to publish the accounts as adjusted for inflation until a uniform basis has been established.

Auditors

Turquands Barton Mayhew & Co. will continue in office in accordance with Section 159 (2) of the Companies Act, 1948.

WILLIAM MATHER
JOHN F. TAYLOR

} Directors

STANLEY WARD, Secretary
18th March, 1976.

To be presented at the Annual General Meeting of Mather & Platt Limited, to be held at Park Works, Manchester, on Thursday, 29th April, 1976.

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 1975

			1974
Turnover (Note 2)		105,747,219	86,068,283
Trading Surplus		8,579,353	6,556,328
Depreciation		1,412,793	1,192,729
Trading Profit (Notes 3, 4 and 5)		7,166,560	5,363,599
Interest (Note 6)		2,451,797	1,806,486
Total Profit before Taxation		4,714,763	3,557,113
Taxation (Notes 3, 8)		2,645,965	1,552,011
Profit after Taxation		2,068,798	2,005,102
Cost and Settlement of Court Action less taxation (Note 9)		330,693	
Surplus arising on Disposal of Land and Buildings			353,061
Minority Shareholders		3,296	42,110
Attributable to Mather & Platt Group		1,741,401	2,316,053
Retained by Subsidiary Companies (Note 3)		799,203	1,617,840
Brought into Account this year		942,198	698,213
Brought forward from last year		53,153	58,786
Available for Appropriation		995,351	756,999
General Reserve	250,000		50,000
Employees' Benefit Fund	10,000		10,000
Available for Dividend		260,000	60,000
		£735,351	£696,999
Dealt with as follows:	p		
Preference Dividend paid 1st September, 1975	per share		
paid 1st March, 1976	1.8375	7,350	7,350
	1.8375	7,350	7,350
Tax Credit		14,700	14,700
Ordinary Dividend paid 20th October, 1975	0.825	7,915	7,240
Proposed final payable 10th May, 1976		209,012	188,744
	1.842	466,667	440,402
Tax Credit		675,679	629,146
		363,828	309,878
		1,062,122	960,964
Carried Forward		44,972	53,153
		£735,351	£696,999
Earnings per ordinary share		8.1p	7.7p

The calculation of earnings per share is based on earnings of £2,047,394 (1974, £1,938,292) and on the weighted average of 25,334,822 ordinary shares in issue during the year (1974, 25,165,859).

The dilution of earnings when the shares allotted under the incentive scheme become fully paid is not material.

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GROUP BALANCE SHEET

31st December, 1975

Assets less Current Liabilities

Current Assets

Stock	18,625,115
Work in Progress	27,503,785
Progress Claims on Uncompleted Contracts	21,489,994
	<u>6,013,791</u>
Debtors (Note 11)	32,682,766
Investments (Note 12)	332,281
Bank Balances and Cash	1,719,891
Difference on Consolidation	229,510
(Due to differing accounting dates)	
	<u>59,603,354</u>

Current Liabilities and Provisions

Creditors	20,855,362
Bank Overdrafts and Short Term Loans	
(£544,008 secured — 1974, £600,619)	8,836,261
Employees' Benefit Fund	29,187
Taxation — Current	977,093
Due 1st January, 1977	
Final Dividends	474,017
	<u>31,171,920</u>
	28,431,434
	14,069,472
	<u>£42,500,906</u>

Fixed Assets (Note 7)

Financed by

Share Capital (Note 13)	6,750,315
Reserves (Note 14)	22,246,512
	<u>28,996,827</u>
Debenture Stock (Note 11)	3,753,071
Term Loans (Note 6)	
(£1,674,711 secured — 1974, £1,315,743)	8,079,061
Minority Interests	183,848
Stock Inflation Relief (Note 9)	1,488,099
	<u>£42,500,906</u>

1974

Assets

Current Assets

23,459,814	16,099,065
15,830,027	
	<u>7,629,787</u>
	30,069,966
	280,387
	1,647,288
	288,269
	<u>56,014,762</u>

Current Liabilities and Provisions

19,749,509	
11,854,346	
25,340	
1,438,186	
56,292	
447,753	
	<u>33,571,426</u>
	22,443,336
	13,142,258
	<u>£35,585,594</u>

Share Capital

Less: Fixed Assets

Finance

Share Reserves

Debenture Term Stock

WILLIAM
JOHN F. T.

Mather+Platt

BALANCE SHEET

31st December, 1975

1974

Assets less Current Liabilities

Current Assets

Stock	8,462,898	8,282,693
Work in Progress	15,342,139	13,709,910
Progress Claims on Uncompleted Contracts	11,192,666	8,658,425
Debtors (Note 11)	4,149,473	5,051,485
Subsidiary Companies — Loan and Current Accounts	12,522,443	11,507,779
Unquoted Investments (Directors' Valuation)	9,757,589	7,767,275
Bank Balances and Cash	135,115	135,115
	552,083	769,921
	35,579,601	33,514,268

Current Liabilities and Provisions

Creditors	7,974,101	7,638,451
Bank Overdraft and Short Term Loans	3,677,449	7,117,075
Employees' Benefit Fund	29,187	25,340
Subsidiary Companies — Loan and Current Accounts	1,335,776	855,495
Taxation — Current	119,276	507,513
Final Dividends	474,017	447,753
	13,609,806	16,591,627
	21,969,795	16,922,641

Shares in Subsidiary Companies at Cost

less amounts written off	3,810,523	3,549,694
Fixed Assets (Note 7)	5,409,242	5,366,619
	£31,189,560	£25,838,954

Financed by

Share Capital (Note 13)	6,750,315	6,708,075
Reserves (Note 14)	14,031,879	13,715,130
Debenture Stock (Note 11)	20,782,194	20,423,205
Term Loans (Note 6)	3,753,071	3,799,387
Stock Inflation Relief (Note 9)	5,500,000	1,000,000
	1,154,295	616,362
	£31,189,560	£25,838,954

WILLIAM MATHER
JOHN F. TAYLOR

} Directors

STANLEY WARD, Secretary

NOTES

1. Accounting Policies

Basis of Consolidation: The Group Profit and Loss Account and Balance Sheet include the accounts of Mather & Platt Limited and all its Subsidiary Companies (see page 21).

The accounts of Subsidiary Companies overseas are made up to 30th June, 1975, to meet local fiscal and administrative requirements.

The Group Profit and Loss Account includes the appropriate unaudited results of Automatic Sprinkler Limited of Canada which is an associated company. The unaudited results of the previous year have been adjusted, as appropriate, following audit and the adjustment is reflected in profit retained for the year (Note 3).

Overseas Currencies: Have been converted into sterling on the following bases — Revenue items, other than Indian branch, at the current rates of exchange ruling throughout the year. Fixed Assets, at the rates of exchange ruling on the dates of acquisition. Current Assets and Liabilities and Indian branch Revenue items, at the rates of exchange ruling on 31st December, 1975.

Overseas Subsidiary Companies — Assets, Liabilities and Revenue items at the rates of exchange ruling on 30th June, 1975, or later, as considered appropriate and material.

Research and Development Expenditure: Research and normal development costs are written off during the year in which they are incurred. At 31st December, 1975, £147,533 (1974, £198,477) in respect of special development projects has been carried forward in Debtors for recovery against future revenue.

Turnover: Represents sales including the amount of contracts deemed to be completed during the year and products manufactured and transferred for completion within the Group.

Depreciation: Depreciation is charged on original cost or later valuation without deduction of investment and development grants. In the United Kingdom, the principal rates of depreciation, calculated to write off the assets over their expected normal lives are:—

Freehold land	No depreciation
Buildings — freehold and long leasehold	1% to 5% per annum
Buildings — short leasehold	Depreciated over the period of the lease
Plant, machinery and other equipment	5% to 15% per annum
Vehicles	15% to 25% per annum

Subsidiary companies overseas generally use rates which do not differ materially from those shown above but variations occur according to local conditions and requirements.

Investment Grants: In order to compensate for the reduction in capital allowances on assets qualifying for Investment Grants a transfer is made annually from Investment Grants Reserve against Corporation Tax.

Stock and Work in Progress: Have been consistently valued by the companies comprising the Group at the lower of cost and net realisable value. A proportion of overhead expenses is included in the cost of finished and semi-finished components and contracts in progress. Provision is made where necessary for all known or anticipated losses on contracts. Loose tools and standard patterns are written off over three years.

Deferred Taxation: It is not Group practice to set aside amounts for deferred taxation apart from those relating to Stock Inflation Relief. Details for United Kingdom companies of the variance between book and taxation written down values are given in Note 10.

23

NOTES

Turnover

Includes £9,770,099 (1974, £9,193,619) for products manufactured and transferred for completion within the Group.

1975

1974

3. Associated Company (see page 21)

Share of Profits attributable to the Group's interest
Overseas Taxation

163,545
64,577

84,255
34,042

Net Profit (before dividend £22,844; 1974, £10,996)

£98,968

£50,213

4. Directors' and Employees' Emoluments

Directors as Executives, including Pension Premiums—This year
Prior years

£214,858
£12,400
Nil
£30,877
£52,000

£174,316
Nil
Nil
£26,831
Nil

Fees

Chairman (excluding Pension Premiums)

Payments to Past Directors

The number of Directors whose remuneration (excluding Pension Premiums) fell within the following scales is shown below:

The table also gives the total income tax at the appropriate rates applicable for 1975/76 at the higher end of each scale and the corresponding net pay, on the assumption that the recipient is a married man without dependent children and with no other allowances or other sources of income.

	Tax £	Net Pay £
£2,501 to £5,000	1,400	3,600
£7,501 to £10,000	3,900	6,100
£12,501 to £15,000	7,200	7,800
£15,501 to £17,500	9,000	8,500
£17,501 to £20,000	10,900	9,100
£20,001 to £22,500	12,900	9,600
£22,501 to £25,000	15,000	10,000
£25,001 to £27,500	17,100	10,400
£30,001 to £32,500	20,900	11,600

1

1

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1

The number of employees of the Company (other than directors) whose remuneration exceeded £10,000 fell within the following scales:

£10,001 to £12,500
£12,501 to £15,000
£15,001 to £17,500

3

2

2

(a) Audit Fees — Group

£100,717

£86,078

(b) Hire of Plant and Machinery — Group

£618,413

Interest on Borrowed Money

7½% Debenture Stock, 1987/1992

10½% Debenture Stock, 1995/2000

Bank, Short Term and Medium Term Loans

Long Term Loans

130,556
212,294
2,061,531
47,416

131,376
210,000
1,413,512
51,598

£2,451,797

£1,806,486

The rates of interest on the Debenture Stocks were increased with effect from 15th July, 1975, as follows:
7½% to 7½%, 10½% to 10½%.

Medium Term Loans £7,536,087 (1974, £2,883,528) are finally repayable after 31st December, 1976, but before 31st December, 1980, and include Parent £5,500,000 (1974, £1,000,000).

Long Term Loans £542,974 (1974, £655,710) are finally repayable after 31st December, 1980, and annually at an amount not exceeding £31,279. Rates of interest £25,793 at 7.25%, £12,387 at 7.65%, £460,606 at 8.5%, £27,258 at 10.8%, £16,930 at 13.95%.

NOTES

7. Fixed Assets

Group	Total	Freehold	Land and Buildings		Plant and Machinery
			Leasehold		
			Over 50 years	Under 50 years	
At cost or valuation					
31st December, 1974	21,707,299	7,656,142	459,306	106,197	13,485,654
Additions	1,859,906	325,306	13,221	17,290	1,504,089
Disposals	240,229	5,478			234,751
Revaluations	59,092	59,092			
Exchange differences, etc.	927,051	320,682	31,868	3,928	570,573
At 31st December, 1975	24,313,119	8,355,744	504,395	127,415	15,325,565
Less Depreciation	10,243,647	801,451	237,380	42,171	9,162,645
Net book value 1975	<u>£14,069,472</u>	<u>£7,554,293</u>	<u>£267,015</u>	<u>£85,244</u>	<u>£6,162,920</u>
1974	<u>£13,142,258</u>	<u>£7,046,194</u>	<u>£262,062</u>	<u>£79,066</u>	<u>£5,754,936</u>
Cost or valuations included above					
Valuation					
1929 (estimated)	30,000				
1954	4,686	4,686			30,000
1960	338,439	170,707			
1961	100,000				167,732
1965	2,066,397	2,003,418	62,979		100,000
1966	60,795	60,795			
1971	236,571	236,571			
1974	1,123,338	1,123,338			
1975 Annual Statutory Valuation — Brazil	1,061,000	822,000			
Current Use Valuation by Professional Valuers	69,697	69,697			239,000
Cost	19,222,196	3,864,532	441,416	127,415	14,788,832
At 31st December, 1975	<u>£24,313,119</u>	<u>£8,355,744</u>	<u>£504,395</u>	<u>£127,415</u>	<u>£15,325,565</u>
Parent					
At cost or valuation					
31st December, 1974	9,820,380	3,587,283	234,825	21,607	5,976,665
Additions	476,083	24,998	12,643		438,442
Disposals	62,299	478			61,821
At 31st December, 1975	10,234,164	3,611,803	247,468	21,607	6,353,286
Less Depreciation	4,824,922	317,747	83,968	1,081	4,422,126
Net book value 1975	<u>£5,409,242</u>	<u>£3,294,056</u>	<u>£163,500</u>	<u>£20,526</u>	<u>£1,931,160</u>
1974	<u>£5,366,619</u>	<u>£3,306,869</u>	<u>£155,694</u>	<u>£21,516</u>	<u>£1,882,549</u>
Cost or valuations included above					
Valuation					
1929 (estimated)	30,000				
1961	100,000				30,000
1965	2,066,397	2,003,418	62,979		100,000
1966	59,455	59,455			
Cost	7,978,312	1,548,930	164,489	21,607	6,223,286
At 31st December, 1975	<u>£10,234,164</u>	<u>£3,611,803</u>	<u>£247,468</u>	<u>£21,607</u>	<u>£6,353,286</u>

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NOTES

Taxation

This Year — Corporation Tax at 52%
Transfer to Stock Inflation Relief
Double Taxation Relief

Overseas Taxation

Prior Years — Corporation Tax
Transfer to Stock Inflation Relief
Overseas Taxation

1975	1974
472,954	539,481
771,700	
429,702	503,701
814,952	35,780
1,837,373	1,395,422
2,652,325	1,431,202
739,745	1,023,496
708,725	1,182,429
24,660	38,124
6,360	120,809
£2,645,965	£1,552,011

£20,786 (1974, £20,912) has been transferred from Investment Grants Reserve against Corporation Tax. Distribution of the reserves of overseas subsidiary companies would give rise to further taxation.

9. Stock Inflation Relief

Group

At 31st December, 1974

Transfers from Taxation — This Year
— Prior Years

Attributable to Cost and Settlement of Court Action

Increase this year

At 31st December, 1975

Parent

At 31st December, 1974

Transfers from Taxation — This year
— Prior Years

Attributable to Cost and Settlement of Court Action

Increase this year

At 31st December, 1975

Total	Stock Inflation Relief	Unrelieved Advance Corporation Tax
727,513	1,182,429	454,916
771,700	771,700	
708,725	708,725	
358,250	358,250	
361,589		361,589
£1,488,099	£2,304,604	£816,505
616,362	1,071,278	454,916
808,450	808,450	
449,322	449,322	
358,250	358,250	
361,589		361,589
£1,154,295	£1,970,800	£816,505

It has been assumed that the necessary legislation will be enacted to enable this relief to continue for accounting periods ending after 31st March, 1975.

10. Deferred Taxation

For United Kingdom Companies the estimated corporation tax at 52% (1974 — 52%) on the variance between book and taxation written down values of relevant fixed assets would require an appropriation to date of £1,452,000 (1974, £1,326,000).

11. Debenture Stock (Secured)

7½% Debenture Stock, 1987/1992

10½% Debenture Stock, 1995/2000

1975	1974
1,753,071	1,799,387
2,000,000	2,000,000
£3,753,071	£3,799,387

During the year the non-cumulative sinking fund of £25,000 per annum was applied in the redemption of 7½% Stock. Beginning in 1981, a similar sinking fund of £25,000 per annum will be established and applied annually in the redemption of 10½% Stock. Total expenses of the issues were £101,508 and the following items totalling £57,000 are carried forward in Debtors: Issue Expenses £16,875, Commission £25,875, Discount £14,250.

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NOTES

12. Investments

	1975	1974
Quoted (Market Value £408 — 1974, £278)	293	248
Unquoted (Directors' Valuation)		
Associated Company		
(including profit retained £129,869 — 1974, £53,745)		
Other	260,384	184,260
	71,604	85,079
Subsidiary Companies not consolidated	331,988	269,337
	£332,281	10,800
		£280,387

13. Share Capital

	Number	Authorised	Number	Issued
5½% (now 3·675%+tax credit) Preference Shares of £1 each, fully paid	400,000	400,000	400,000	400,000
Ordinary Shares of 25p each, fully paid	34,400,000	8,600,000	25,234,822	6,333,705
Ordinary Shares of 25p each, 2½p paid			664,400	16,610
		£9,000,000		£6,750,315

During the year, 168,963 Ordinary Shares were issued in acquiring the minority interest in D.J.M. Electronics Limited.

14. Reserves

Group	Total	Share Premiums less expenses	Other Reserves	Retained Profits
At 31st December, 1974	20,604,818	2,084,628	3,392,490	15,127,700
Movements this year —				
Retained				
(including Associated Company £76,124)	1,041,022			1,041,022
Share Premium	92,930	92,930		
Goodwill acquired	175,066		175,066	
Investment Grants	20,786		20,786	
Currency Variations	648,967		199,232	449,735
Subsidiary Companies				
Profits capitalised			790,831	790,831
Surplus on Revaluation (Australia)	59,092		59,092	
Share Premium	4,465	4,465		
At 31st December, 1975	£22,246,512	2,173,093	4,245,793	15,827,626
Parent				
At 31st December, 1974	13,715,130	2,080,163	2,088,255	9,546,712
Movements this year —				
Retained				
Investment Grants	241,819			241,819
Share Premium	18,000		18,000	
	92,930	92,930		
At 31st December, 1975	£14,031,879	2,173,093	2,070,255	9,788,531

15. Capital Expenditure

There are outstanding commitments for Capital Expenditure estimated at £497,000 (1974, £530,000) not provided by the Company and £232,000 (1974, £144,000) not provided by Subsidiary Companies. Expenditure authorised by the Directors but not contracted for at 31st December, 1975, was £13,000 (1974, £18,000) by the Company and at their appropriate accounting dates was £206,000 (1974, £189,000) by Subsidiary Companies.

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NOTES

1974
248

5. Contingent Liabilities

- (a) Parent Company in respect of guarantees for moneys borrowed by Subsidiary Companies up to £3,078,000 (1974, £4,299,000) and bills of exchange discounted up to £150,000.
A Subsidiary Company in respect of an added value tax appeal up to £110,000 (1974 £300,000).

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- (b) Litigation is proceeding between the Company and certain of the previous shareholders in D.J.M. Electronics Limited and in Sigmatron Limited in which the shareholders seek unliquidated damages relating to the consideration for which the remaining 20 per cent of the shares in each Company were acquired: this litigation is being defended and the Company has not deemed it necessary to make any provision therefor in the Accounts. An appropriate counterclaim is being prepared.
Since the end of the financial year a claim has been lodged against the Company arising from a patent dispute in Belgium. The sum claimed amounts to approximately £250,000, but, on present information, the Company is advised that it has a good defence to the claim and also has a substantial counterclaim for patent infringement.

GROUP SOURCE AND USE OF FUNDS

for the year ended 31st December,

Thousands of £'s

Source of Funds	1975	1974
Profit after taxation		1,963
Surplus arising on Disposal of Land and Buildings	2,072	3
Depreciation		1,193
Exchange Gains taken to Reserves	1,413	113
Shares Issued	646	5,354
Increase in Creditors	42	1,733
Decrease in Work in Progress (Net)	1,520	
	1,616	
Increase in Borrowings	7,309	7,243
	1,403	8,492
	8,712	15,735
Use of Funds		
Dividends		644
Increase in Fixed Assets	690	3,055
Increase in Stock	2,340	4,618
Increase in Debtors	2,526	8,079
Minority Interest	2,750	39
Investments	23	622
Cost and Settlement of Court Action	52	
	331	
	8,712	15,735

REPORT OF THE AUDITORS TO THE MEMBERS OF MATHER & PLATT LIMITED

In our opinion, based on our examination and on the reports of the auditors of those subsidiary companies not audited by us, the accounts set out on pages 7 to 18 give, so far as concerns members of the Company, a true and fair view of the state of affairs of the Company and the Group at 31st December, 1975, and of the profit and source and use of funds of the Group for the year ended on that date and comply with the Companies Acts, 1948 and 1967.

Manchester,
18th March, 1976.

Turquands Barton Mayhew & Co.,
Chartered Accountants.

Group Balance Sheet

Current Assets

Current Liabilities

Net Current Assets

Fixed Assets

Total Net Assets

Represented by

Shareholders

Debtors

Minority Interest

Stock

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STATISTICS

for the five years ended
31st December,

1974	1975	1974	1973	1972	1971
Thousands of £'s					
1,963					
3					
1,193					
113					
5,354	8,569	6,546	5,104	4,493	4,095
1,733	1,413	1,193	986	761	673
7,243	7,156	5,353	4,118	3,732	3,422
8,492	2,452	1,806	1,338	731	799
15,735	4,704	3,547	2,780	3,001	2,623
	2,646	1,552	1,396	1,229	1,015
	330	353	4,371		
	3	42	7	6	15
644	1,731	2,306	5,748	1,766	1,593
3,055	1,062	961	892	823	790
4,618					
8,079					
39	669	1,345	4,856	943	803
622					

*After appropriation to
Employees' Benefit Fund

†Includes sale of land and buildings

‡Including Tax Credit 1975, 1974, 1973 and 1972

Earnings per share	8.0813p	7.7021p	5.4151p	7.0066p	6.3345p
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Group Balance Sheets

Current Assets	81,093	71,845	54,450	44,191	40,332
Current Liabilities	52,662	49,401	34,686	29,372	25,449
Net Current Assets	28,431	22,444	19,764	14,819	14,883
Fixed Assets	14,070	13,142	11,280	9,326	8,276
Total Net Assets	42,501	35,586	31,044	24,145	23,159
Represented by:					
Shareholders' Interest	28,997	27,313	25,616	19,856	18,703
Debentures and Loans	11,832	7,339	5,260	4,150	4,177
Minority Interest	184	207	168	139	279
Stock Inflation Relief	1,488	727			

STATISTICS

Geographical Spread

	Trading Results %	1975 Turnover		£000	Trading Results %	1974 Turnover		£000
		World %	U.K. %			World %	U.K. %	
Home		37.4	67.7	39,563		40.6	71.9	33,906
Export		17.9	32.3	18,892		15.9	28.1	13,614
From U.K.			100.0	58,455			100.0	30,520
Overseas subsidiaries		44.7		47,292		43.5		31,448
		100.0		105,747		100.0		61,968
United Kingdom	38.6	37.4		39,563	25.7	40.6		33,906
Europe	14.3	25.9		27,402	37.1	27.9		24,020
Africa	9.0	9.5		10,074	12.3	9.6		6,250
Asia	14.0	9.1		9,675	1.9	7.0		3,905
Australasia	10.1	11.8		12,442	8.0	9.9		5,561
Americas	14.0	6.3		6,591	15.0	5.0		4,005
	100.0	100.0		105,747	100.0	100.0		61,968

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In addition to the Parent Company, the Group includes the following operating Companies—(the Ordinary Share Capitals are 100 per cent. owned, except where indicated).

UNITED KINGDOM

Alarm Equipment Supplies Ltd.
Armour Engineering (U.K.) Ltd. (99 per cent owned)
Atlas and Automatic Sprinkler Co. Ltd.
D.J.M. Electronics Ltd.
E. & W. H. Haley Ltd.
Grinnell International Ltd.
Holmes Heaton & Co. (Huddersfield) Ltd.
R. C. Hulbert (Travel) Ltd. (50 per cent owned)
Jackson & Brother Ltd.
Mather & Platt Alarms Ltd.

Mather & Platt Anti-Pollution Systems Ltd. (94 per cent owned)
Mather & Platt (Contracting) Ltd.
Mather & Platt (Exports) Ltd.
Mather & Platt Security Ltd. (80 per cent owned)
Onion Preparation Systems Ltd.
Security Lock and Safe Co. Ltd. (82 per cent owned)
Sellers & Co. (Huddersfield) Ltd.
Standfast Burglar Alarm Co. (Derby and Notts) Ltd.
Standfast Burglar Alarm Co. (N. London and Herts.) Ltd. (80 per cent owned)

OVERSEAS

Australia

Mather & Platt Pty. Ltd.
Grinnell Mather Pty. Ltd.

Belgium

Le Grinnell S.A.

Brazil

Resmat Ltda.

Canada

Mather & Platt (Canada) Ltd.
Automatic Sprinkler Ltd. (40 per cent owned)

Finland

Oy Mather & Platt Ab.

France

S.A. Mather & Platt (95 per cent owned)
S.A. Mather & Platt (Machines Alimentaires) (95 per cent owned)

Germany

Grinnell-Hoffmann Sprinkler G.m.b.H.

Holland

De Grinnell B.V.
Alarm Equipment Supplies (Nederland) B.V. (80 per cent owned)

India

Mather Greaves Ltd. (60 per cent owned)

Irish Republic

Mather & Platt (Ireland) Ltd.

Italy

Soc. It. Mather & Platt

Japan

Nippon Grinnell Sprinkler K.K.

Kenya

Mather & Platt (Kenya) Ltd.

New Zealand

The Sprinkler Manufacturing Company of New Zealand Ltd.

Singapore

Mather McAlister Private Ltd. (50 per cent owned)

South Africa

Mather & Platt (S.A.) (Pty.) Ltd.
Mather & Platt Alarms (Pty.) Ltd.

Spain

Mather & Platt Española S.A.

Sweden

A.B. Sprinklerprojektering

In addition the Company operates branches in India, Sweden, Denmark, Norway, Kenya and Singapore.