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REPORT OF THE DIRECTORS OF

C. A. PARSONS & COMPANY LIMITED

The Directors have pleasure in presenting the Sixty-Sixth Annual Report and Accounts for the year ended 31st December 1978.

Directors N. C. Parsons, M.A., C.Eng., M.I.Mech.E.,
R. Hawley, B.Sc., Ph.D., D.Sc., F.Eng., F.I.E.E.,
F.Inst.P., F.B.I.M.
W. Aynsley, F.C.A. (Appointed 3rd April 1978).
J. H. Holland, F.C.A.
J. M. Mitchell, B.Sc.Eng., D.I.C., F.I.Mech.E., C.Eng.
C. J. Packard, B.Sc., A.C.G.I.
W. A. Ranson, F.C.A.
M. O. Short, B.Sc.Eng., C.Eng., M.I.Mech.E., M.I.P.E.
A.M.B.I.M.

Secretary W. A. Ranson, F.C.A.

Registered Office NEI House, Regent Centre,
Newcastle upon Tyne, NE3 3SB.

Activity

The Company has not traded during the year.

Directors' Interests

The Directors' interests in the issued capital and loan stock of the ultimate holding company (which includes trustee holdings and family interests) were as follows:-

	<u>Shares/Stock held</u> <u>at 31.12.1978</u> <u>In N.E.I. Ltd.</u>	<u>Shares/Stock held</u> <u>at 31.12.1977</u> <u>In N.E.I. Ltd.</u>
N. C. Parsons.	28 Ordinary.	28 Ordinary.
R. Hawley.	960 Ordinary. 120 8.25% Preference. £30 8 $\frac{3}{4}$ % Unsec. Loan Stock	960 Ordinary. 120 8.25% Preference. £30 8 $\frac{3}{4}$ % Unsec. Loan Stock
W. Aynsley.	300 Ordinary.	-
J. M. Mitchell.	120 Ordinary. 15 8.25% Preference.	120 Ordinary. 15 8.25% Preference.

Auditors

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co., as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

3rd May 1979
NEI House,
Newcastle upon Tyne,
NE3 3SB.

W. A. RANSON
Secretary

C. A. PARSONS & COMPANY LIMITED

BALANCE SHEET AT 31ST DECEMBER 1978

		<u>CAPITAL EMPLOYED</u>			
£	<u>1977</u> £	£		£	<u>1978</u> £
			<u>SHARE CAPITAL</u>		
			AUTHORISED <u>£12,000,000</u>		
			<u>ISSUED</u>		
		<u>11,600,000</u>	Ordinary Shares.	<u>11,600,000</u>	
(,600,000					11,600,000
1,912,889			<u>SHARE PREMIUM ACCOUNT</u>		1,912,889
			<u>RESERVES AND UNDISTRI- BUTED PROFITS</u>		
15,415,491			At 31.12.1977	15,415,491	
			Add: Proposed dividend in respect of year ended 31st December 1977 not to be paid.	185,657	
					<u>15,601,148</u>
<u>£28,928,380</u>					<u>£29,114,037</u>
			REPRESENTED BY:		
			<u>AMOUNT OWING BY PARENT COMPANY</u>		
25,008,380					28,928,380
(3,920,000			<u>INVESTMENT IN HOWDEN PARSONS LTD.</u>		-
			<u>NET CURRENT ASSETS</u>		
		226,295	Cash at bank.	203,668	
40,630			Less due to group companies.	18,011	
<u>185,657</u>			Proposed Dividend.	-	
		<u>226,295</u>		<u>18,011</u>	
					<u>185,657</u>
<u>£28,928,380</u>					<u>£29,114,037</u>

This balance sheet should be read in conjunction
with the attached notes.

W. C. Parsons Director
P. B. B. B. Director

C. A. PARSONS & COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. The ultimate holding company is Northern Engineering Industries Limited.
2. The investment in Howden Parsons Ltd., represented a 49% holding in that Company and was acquired from the Parent Company as from 1st January 1975 at book value representing a Group Directors' valuation at 31st December 1972 of £3,920,000.

As a result of the Scheme of Arrangement between Clarke Chapman Ltd., and Reyrolle Parsons Ltd., Howden Group Ltd., has subsequently exercised its entitlement to purchase these shares and they have been transferred from this company to its holding company at the above book value.
3. The company did not trade during the year ended 31st December 1978.
4. The company is a party to guarantees given in connection with overdrafts of other companies in the Northern Engineering Industries Ltd. group.

AUDITORS' REPORT TO THE MEMBERS OF C. A. PARSONS
& COMPANY LIMITED

We have examined the annexed balance sheet. In our opinion it gives a true and fair view of the state of the Company's affairs at 31st December 1978 and complies with the Companies Acts 1948 and 1967.



Chartered Accountants.

27 Grainger Street,
Newcastle upon Tyne.

3rd May 1979