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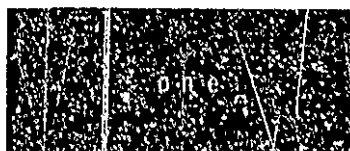
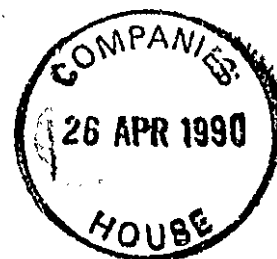


## CONTENTS

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Directors and advisers	2
Financial highlights	3
Chairman's statement	4-5
Directors' report	6-8
Auditors' report	8
Consolidated profit and loss account	9
Consolidated balance sheet	10
Balance sheet	11
Consolidated source and application of funds	12
Notes on the accounts	13-24
Directory of companies	25
Five year record	26
Financial calendar	27
Notice of meeting	28

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## DIRECTORS & ADVISERS

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### **Directors**

David Eric Bramah, B.Met., C.Eng. (Chairman)  
Douglas Brian Liversidge, A.Met. (Chief Executive)  
Stephen Westwood, B.A., F.C.A. (Finance Director)  
Gordon Laurence Bramah (Non-executive)  
Alan James Davenport, F.C.A.

### **Secretary and Registered Office**

Stephen Westwood, B.A., F.C.A.,  
Bridge House, Bridge Street, SHEFFIELD S3 8NS

### **Auditors**

Ernst & Young, 2-6 North Church Street, SHEFFIELD S1 2DH

### **Bankers**

Lloyds Bank plc, 14 Church Street, SHEFFIELD S1 1HP

### **Financial Advisers and Stockbrokers**

CCF Laurence Prust Ltd, 27 Finsbury Square, LONDON EC2A 1LP

### **Solicitors**

Dibb Lupton Broomhead, Fountain Precinct, Balm Green, SHEFFIELD S1 1RZ

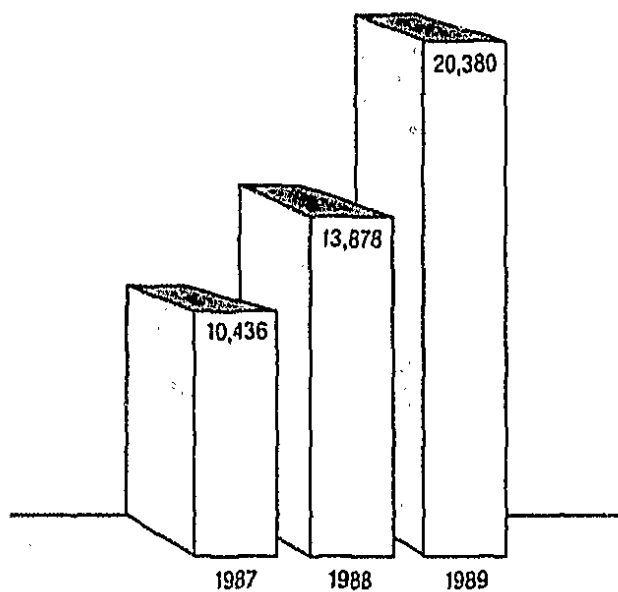
### **Registrars**

Stentiford Close Registrars Limited, Broseley House, Newlands Drive, WITHAM, Essex CM8 2UL

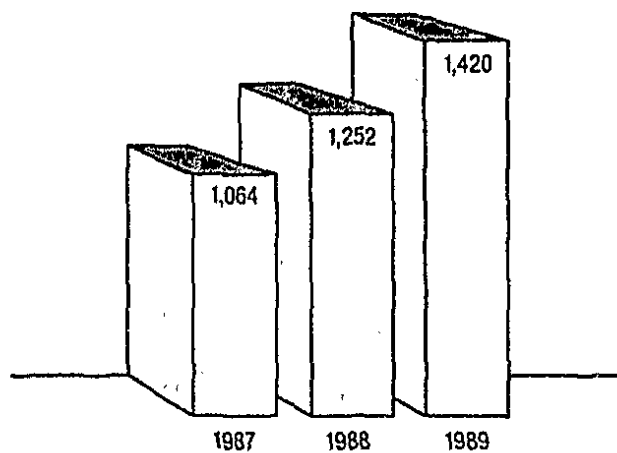
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## FINANCIAL HIGHLIGHTS

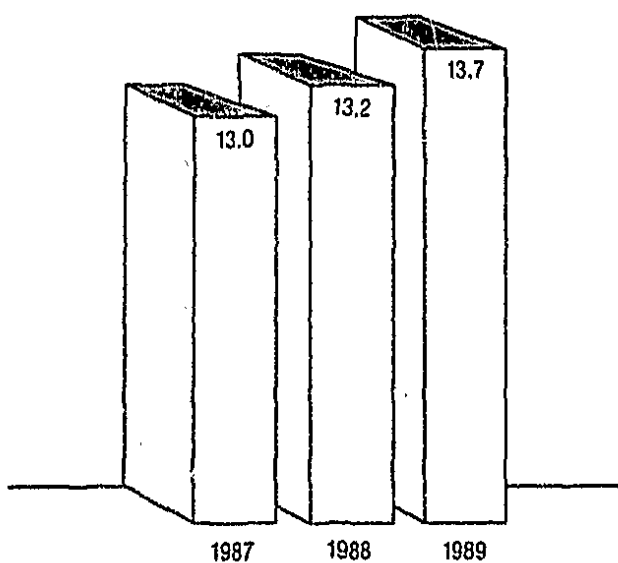
Turnover – £000's



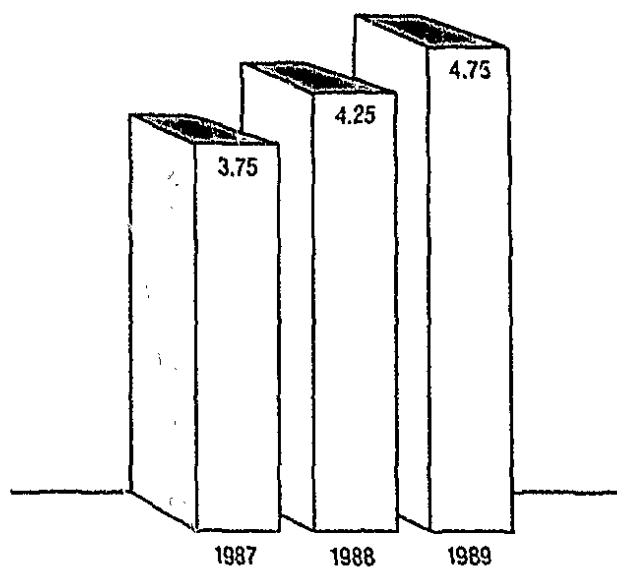
Profit before tax – £000's



Earnings per share – pence



Dividends per share – pence



## CHAIRMAN'S STATEMENT

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I am pleased to report the eighth consecutive year of increased sales and profits for the Group.

Sales for the year were £20.38m, up 47% (1988 £13.88m), pre-tax earnings rose to £1.42m, up 13% (1988 £1.252m) and earnings per share rose to 13.7p (1988 13.2p).

Strong earnings in the Metal Products Division offset disappointing results in the Business Services Division and a somewhat flat year in the Hand Tools Division.

Your Board is recommending a final dividend payment of 2.75p per share (1988 2.5p). This proposed dividend, together with the interim payment of 2.0p per share (1988 1.75p) paid on June 27th 1989, represents a total of 4.75p per share (1988 4.25p) for the year ended 30th September 1989.

### Divisional Review

#### Metal Products Division

Once again Thornton Precision Forgings Limited has achieved record levels of turnover and profitability. The substantial investment in CAD/CAM die manufacturing equipment, made in the previous year, has been fully justified and is a significant factor in giving the company greater financial competitiveness and enabling us to give our customers high quality products within a relatively short lead time. We have recently announced the receipt of the largest order in the company's history, worth approximately £1.2m, for the manufacture of aerofoil blades for use principally in new generation Pratt & Whitney engines. The current order book is the highest ever and we look forward to continued and growing prosperity within the company.

In last year's report, mention was made of the difficult trading conditions being experienced by Tool & Steel Products Limited for its mining products. A rationalisation of this company's activities has taken place and I am pleased to be able to say that the company is now trading at more profitable levels, albeit on a smaller scale of activity.

#### Hand Tools Division

Henry Taylor (Tools) Limited continues to earn healthy profits and is the backbone of this relatively small division. The hand tool market in the UK has been severely hit during the past year, and as a result Cambridge Hand Tools Limited has been faced with lower sales and depressed profits. The company has now concentrated its resources on its most profitable products and has reduced its scale of operations accordingly.

## CHAIRMAN'S STATEMENT FOR ANNUAL ACCOUNTS

### **Business Services Division**

The most significant event in this division was the acquisition of Perthcrest Limited in October 1988 for £1.0m, partly in shares and partly in cash. This company has exceeded its budgeted profit and under the terms of the purchase agreement 58,480 additional shares, (part of the deferred consideration), have been issued to the vendors. Perthcrest specialises in the provision of Facilities Management services to Local Authorities, a market which has considerable potential. The company is recognised as a market leader and has substantially increased its level of recurring income during the year.

The integration of the somewhat fragmentary business of Greenwood Taylor Clark Systems Limited and ACT (Computer Services) Limited has been slower than anticipated, resulting in disappointing profits. Certain changes have been made to the management structure to expedite this process and we are now focusing our resources more directly on the core activities. We believe significant market opportunities are available, particularly in the field of electronic funds transfer, which we expect will enable us to strengthen our position in the market.

### **The Board**

As from September 30th 1989 Mr D. M. Howarth retired as director and Chairman of the company. I was appointed Chairman of the Board from October 1st 1989.

### **The Future**

Our Metal Products Division is in its strongest position ever, both financially and in the marketplace, and is ready and able to grasp the opportunities for the future which are currently presenting themselves. Our Hand Tools Division has weathered last year's difficult trading conditions well and is soundly based for future development. The Business Services Division, whilst not yet performing to plan, has substantial potential for future growth.

The Board is determined to enhance shareholder value and is considering in some depth the options open to it to enable it to achieve this end.

There is currently a certain reservation within the investing public concerning the future of the smaller quoted companies, particularly in times of high interest rates. We believe G. W. Thornton Holdings plc is sufficiently small to be able to react rapidly to changes in circumstances and sufficiently well managed to recognise and capitalise on opportunities. The continuing success of the Group is dependent upon its employees and I am sure that you will join with my colleagues and me in thanking everyone for their efforts and commitment during the past year.

D. E. BRAMAH

Chairman

2 February 1990



## DIRECTORS' REPORT

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The directors present their report and the audited accounts for the year ended 30 September 1989.

### **Principal activities and review of business developments**

The principal activities of the group are the manufacture of precision forgings and hand tools and the provision of computer services.

A review of the development and activities of the business of the company and its subsidiaries is contained in the Chairman's statement.

On 24 October 1988 the company acquired the entire share capital of Perthcrest Limited. The initial consideration was satisfied by £365,508 in cash and by the issue of 254,090 ordinary shares of the company on completion. A further 116,960 ordinary shares of the company are to be issued on the achievement of turnover warranties for each of the two years ending 31 December 1989 and 31 December 1990. The 254,090 ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the company.

### **Subsequent events and future developments**

Reference to the future development of the group's activities is made in the Chairman's statement.

### **Results and dividends**

The profit for the year available to shareholders amounts to £889,000, and subject to the approval of the proposed final dividend, is dealt with as shown in the consolidated profit and loss account.

An interim dividend of 2.0p per share was paid in June 1989. The directors propose a final dividend of 2.75p per share payable in respect of the 6,510,580 shares in issue at 30 September 1989.

### **Fixed assets**

Net additions to the fixed assets of the group during the year amounted to £1,328,000.

The movements in fixed assets are set out in note 12 in the following notes on the accounts on page 17.

In the opinion of the directors, the market value of the group's freehold land and buildings is significantly in excess of their book value of £1,217,000.

### **Close company provisions**

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

### **Directors**

The directors of the company listed below were directors throughout the year ended 30 September 1989. In addition, D M Howarth was a director of the company until his resignation on 30 September 1989.

The director retiring by rotation is G L Bramah, who, being eligible, offers himself for re-election.

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## DIRECTORS' REPORT

### Directors' Interests

According to the register maintained as required under the Companies Act 1985 the directors' interests in the share capital of the company were as follows:

	30 September 1989			1 October 1988		
	Beneficial	Non Beneficial	Under the Executive Share Option Scheme	Beneficial	Non Beneficial	Under the Executive Share Option Scheme
D E Bramah	283,478	1,059,077	—	283,478	1,315,324	—
D B Liversidge	70,000	—	75,000	75,000	—	75,000
S Westwood	100	—	50,000	100	—	50,000
G L Bramah	234,669	957,120	—	234,669	1,210,492	—
A J Davenport	31,067	—	—	27,672	—	—

The non-beneficial interests of G L Bramah and D E Bramah both include shares which are duplicated as a result of joint trustee holdings.

At 30 September 1989 Pirunico Trustees (Jersey) Limited was the holder of 148,676 shares through which A J Davenport along with members of his family is a discretionary beneficiary.

No changes have been notified up to 12 January 1990.

### Significant shareholdings

As at 12 January 1990, the following shareholders, other than directors, held in excess of 5% of the issued share capital of the company:

	Number of shares	%
South Yorkshire Pensions Authority	433,000	6.7
Dunston Investments Limited	368,105	5.7
P H Jackson, F P Leggett, G L Bramah, D E Bramah (The Trustees of the FG Bramah No 1 Settlement)	590,724	9.1

### Employee involvement

The group is committed to involve all employees in the performance and development of the group. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the group.

Discussions take place regularly with the employees' representatives on a wide range of issues.

### Disabled persons

It is the group's policy to give full consideration to suitable applications for employment by disabled persons.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for all employees of the group who become disabled to continue in their employment or to be trained for other positions in the group.

## DIRECTORS' REPORT

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### Charitable and political contributions

The group has made no charitable or political contributions during the year

### Auditors

Ernst & Whinney merged their practice with Arthur Young on 1 September 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the Board  
S Westwood  
Secretary  
12 January 1990

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## AUDITORS' REPORT

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To the members of G. W. Thornton Holdings plc.

We have audited the accounts set out on pages 9 to 24 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 of the group at 30 September 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*  
Ernst & Young  
Chartered Accountants  
Sheffield

12 January 1990

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# CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1989

	Note	1989 £'000	1988 £'000
Turnover	3/4	20,380	13,878
Cost of sales		14,020	9,478
Gross profit		<u>6,360</u>	<u>4,400</u>
Distribution costs		462	309
Administrative expenses		4,162	2,793
Group operating profit	5	<u>1,736</u>	<u>1,298</u>
Bank interest receivable		23	68
Interest payable	8	(339)	(114)
Profit before taxation	4	<u>1,420</u>	<u>1,252</u>
Taxation	9	514	448
Profit for the financial year		<u>906</u>	<u>804</u>
Minority interests		17	—
Profit attributable to members of the holding company		<u>889</u>	<u>804</u>
Dividends	10	309	257
Retained profit for the year	20	<u>580</u>	<u>547</u>
Earnings per share	11	<u>13.7p</u>	<u>13.2p</u>

Movements on reserves are set out in note 20.

## CONSOLIDATED BALANCE SHEET

30 SEPTEMBER 1989

	Note	1989 £'000	1988 £'000
<b>Fixed assets</b>			
Tangible assets	12	3,658	2,671
<b>Current assets</b>			
Stocks	14	1,907	1,683
Debtors	15	4,860	3,479
Cash at bank and in hand		10	61
		<u>6,777</u>	<u>5,223</u>
<b>Creditors – amounts falling due within one year</b>	16	<u>5,423</u>	<u>4,175</u>
<b>Net current assets</b>		<u>1,354</u>	<u>1,048</u>
<b>Total assets less current liabilities</b>		<u>5,012</u>	<u>3,719</u>
<b>Creditors – amounts falling due after more than one year</b>	16	1,960	657
<b>Provisions for liabilities and charges</b>			
Deferred taxation	18	31	73
<b>Total assets less liabilities</b>		<u>3,021</u>	<u>2,989</u>
<b>Capital and reserves</b>			
Called up share capital	19	326	304
Share premium account		1,485	1,485
Profit and loss account	20	1,191	1,200
		<u>3,002</u>	<u>2,989</u>
<b>Minority interests</b>		19	–
<b>Total</b>		<u>3,021</u>	<u>2,989</u>

DB Liversidge  
S Westwood  
12 January 1990

} Directors

*[Signature]*  
*[Signature]*

## BALANCE SHEET

30 SEPTEMBER 1989

	Note	1989 £'000	1988 £'000
<b>Fixed assets</b>			
Tangible assets	12	937	394
Investments	13	2,404	1,916
		<u>3,341</u>	<u>2,310</u>
<b>Current assets</b>			
Debtors	15	884	480
Cash at bank and in hand		2	—
		<u>886</u>	<u>480</u>
<b>Creditors — amounts falling due within one year</b>	16	879	865
<b>Net current assets/(liabilities)</b>		<u>7</u>	<u>(385)</u>
<b>Total assets less current liabilities</b>		<b>3,348</b>	<b>1,925</b>
<b>Creditors — amounts falling due after more than one year</b>	16	1,419	114
<b>Provisions for liabilities and charges</b>			
Deferred taxation	18	6	6
<b>Total assets less liabilities</b>		<u><b>1,923</b></u>	<u><b>1,805</b></u>
<b>Capital and reserves</b>			
Called up share capital	19	326	304
Share premium account		1,485	1,485
Profit and loss account	20	112	16
DB Liversidge S Westwood ) Directors			
12 January 1990		<u><b>1,923</b></u>	<u><b>1,805</b></u>

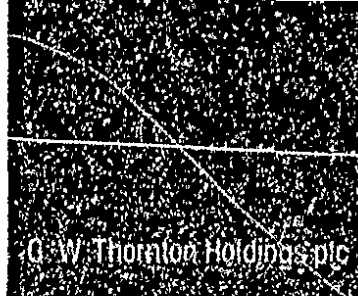
# CONSOLIDATED SOURCE & APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 1989

	1989 £'000	1988 £'000
<b>Source of funds</b>		
<b>From operations</b>		
Profit before taxation	1,420	1,252
Items not involving the movement of funds:		
Depreciation	702	413
Total generated by operations	2,122	1,665
<b>Funds from other sources</b>		
Issue of shares	22	15
Proceeds of sale of fixed assets	136	54
Loan received	1,500	95
Hire purchase finance	84	312
	3,864	2,141
<b>Funds applied</b>		
Acquisition of subsidiary*	478	1,200
Purchase of goodwill	63	198
Reorganisation costs	204	239
Purchase of fixed assets	1,464	1,104
Taxation paid	543	140
Dividends paid	292	225
Loans repaid	271	29
	3,315	3,135
<b>Increase/(decrease) in working capital</b>	549	(994)
<b>Arising from movements in</b>		
Stocks	199	(87)
Debtors	924	519
Trade and other creditors	(287)	153
Net liquid funds	(287)	(1,579)
	549	(994)

\* Analysis of the acquisition of Perthcrest Limited

Net assets acquired	£'000	Discharged by	£'000
Fixed assets	361	Shares issued (see note 19)	13
Stock	25	Cash	366
Debtors	457	Costs	99
Cash	195		
Creditors	(882)		
Reorganisation costs	(204)		
Goodwill	526		
	478		478



## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

### 1 Accounting policies

#### (a) Accounting convention

The accounts are prepared under the historical cost convention.

#### (b) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and each of its subsidiaries for the year ended 30 September 1989 after eliminating intra-group trading. The acquisition of the entire share capital of Greenwood Taylor Clark Systems Limited on 16 November 1987 has been accounted for as a merger. In accordance with Statement of Standard Accounting Practice No 23, the comparative figures have been presented as if the companies had been combined throughout the whole of the previous year. The results of Perthcrest Limited are included in the consolidated profit and loss account from the date of acquisition.

#### (c) Goodwill

Purchased goodwill and goodwill arising on consolidation, representing the excess of the purchase consideration for businesses and subsidiaries acquired over the fair value ascribed to their net tangible assets at the date of acquisition, are written off directly to reserves.

#### (d) Depreciation

Freehold land is not depreciated. The cost (after deducting investment and other government grants) of other tangible fixed assets is written off by instalments over their expected useful lives. The principal depreciation rates per annum are:

Freehold buildings	2%
Leasehold property	1½%
Plant and equipment	8-20%
Vehicles	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the periods of the leases where these are shorter.

#### (e) Computer software

Software to which the group owns the source code and product rights, for resale to customers in packaged form, is capitalised and written off over a prudent estimate of the life of the product. This is considered to be a maximum of five years in relation to all such software presently held.

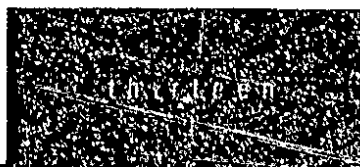
Applications software development costs which are incurred for the provision of new services or the enhancement of existing services, where there is a reasonable certainty as to the recovery of those costs, are capitalised and depreciated over a prudent estimate of the life of the services, currently five years.

#### (f) Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the group are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

#### (g) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads takes into account the normal level of production.



## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

**1 Accounting policies continued****(h) Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

**(i) Foreign currencies**

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction; monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. All exchange differences thus arising are reported as part of the profit for the year.

**(j) Pension benefits**

Contributions to separately administered pension funds are charged to the profit and loss account to spread the costs of pensions over the employees' working lives with the group. The regular pension costs are attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs.

**2 Accounting period**

The financial year, referred to in the accounts as "the year", is taken to end on the nearest Saturday to 30 September. In 1988/89 the year comprised 52 weeks (1987/88 - 52 weeks).

**3 Turnover**

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT and intra-group transactions.

**4 Geographical analysis of turnover**

	1989 £'000	1988 £'000
United Kingdom	18,809	11,950
Rest of Europe	324	638
USA	854	1,133
Canada	75	45
Australasia	89	87
Rest of World	229	25
	<u>20,380</u>	<u>13,878</u>

**Analysis of turnover and profits between activities**

	1989 Turnover £'000	1989 Profit before Taxation £'000	1988 Turnover £'000	1988 Profit before Taxation £'000
Engineering	9,903	1,111	9,729	930
Business Services	10,477	625	4,149	607
	<u>20,380</u>	<u>1,736</u>	<u>13,878</u>	<u>1,537</u>
Central administrative and property costs		316		285
	<u>20,380</u>	<u>1,420</u>	<u>13,878</u>	<u>1,252</u>

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

## 5 Group operating profit

	1989 £'000	1988 £'000
Group operating profit is stated after charging		
Depreciation of fixed assets		
Owned	559	390
Hire purchase/finance leases	143	23
Hire of plant and machinery	3	5
Operating lease rentals		
Plant and machinery	330	146
Other	102	63
Auditors remuneration	50	30
And after crediting		
Rents receivable	71	25

## 6 Staff costs and numbers

	1989 £'000	1988 £'000
Wages and salaries	6,376	3,978
Social security costs	523	293
Other pension costs	214	154
	<u>7,113</u>	<u>4,425</u>

This includes remuneration paid to the directors of the company.

The average number of persons employed by the group during the year, including directors, was as follows:

	1989 Number	1988 Number
Management and administration	146	94
Production and technical	500	339
Selling and marketing	34	21
	<u>680</u>	<u>454</u>

## 7 Emoluments of directors

	1989 £'000	1988 £'000
Fees	20	22
Remuneration including pension contributions	157	120
	<u>177</u>	<u>142</u>

The emoluments, excluding pension contributions, of directors of the company were as follows:

	1989 £'000	1988 £'000
Chairman	20	19
Highest paid director	55	50

## Number of directors

	1989	1988
Other directors in scale		
Not more than £5,000	2	2
£15,001 - £20,000	—	1
£25,001 - £40,000	1	1
£40,001 - £45,000	1	—

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

## 8 Interest payable

	1989 £'000	1988 £'000
Interest payable on loans		
a) Repayable within five years		
Hire purchase interest	64	21
Bank overdraft	253	65
European Coal and Steel Community loan interest	10	17
Other	5	—
b) Repayable after more than five years		
European Coal and Steel Community loan interest	7	11
	<u>339</u>	<u>114</u>

## 9 Taxation

The charge based on the profit for the year comprises:

	1989 £'000	1988 £'000
UK corporation tax		
Current at 35% (1988—35%)	574	385
Deferred	(61)	63
	<u>513</u>	<u>448</u>
Adjustments relating to prior years	1	—
	<u>514</u>	<u>448</u>

## 10 Dividends

	1989 £'000	1988 £'000
Ordinary — interim 2.00p per share (1988 — 1.75p)	130	101
— proposed final 2.75p per share (1988 — 2.50p)	179	162
	<u>309</u>	<u>263</u>
Proportion of proposed final dividend treated as part of cost of acquisition of subsidiaries	—	(8)
	<u>309</u>	<u>257</u>

## 11 Earnings per share

The earnings per share is calculated on earnings of £869,000 (1988 — £804,000) and the weighted average number of shares in issue during the year to 30 September 1989 of 6,510,560 shares (1988 — 6,103,245 shares).



## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

12 Tangible fixed assets  
Group

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Plant, machinery, equipment and vehicles	Computer software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 1988	752	37	13	3,597	54	4,453
Acquisition of subsidiary	—	—	—	526	194	720
Additions	546	—	—	610	308	1,464
Disposals	—	—	—	(507)	—	(507)
At 30 September 1989	1,298	37	13	4,226	556	6,130
Depreciation						
At 1 October 1988	59	4	2	1,700	17	1,782
Acquisition of subsidiary	—	—	—	247	112	359
Charge for year	22	1	1	627	51	702
Relating to disposals	—	—	—	(371)	—	(371)
At 30 September 1989	81	5	3	2,203	180	2,472
Net book amounts at						
30 September 1989	1,217	32	10	2,023	376	3,658
1 October 1988	693	33	11	1,897	37	2,671

The net book amount of plant, machinery, equipment and vehicles for the group includes £679,000 (1988 – £449,000) in respect of leased assets and assets on hire purchase.

## Company

	Freehold land and buildings	Plant, machinery, equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 October 1988	306	120	426
Group transfer	—	3	3
Additions	509	76	585
Disposals	—	(21)	(21)
At 30 September 1989	815	178	993
Depreciation			
At 1 October 1988	7	25	32
Group transfer	—	1	1
Charge for year	6	35	41
Relating to disposals	—	(18)	(18)
At 30 September 1989	13	43	56
Net book amounts at			
30 September 1989	802	135	937
1 October 1988	299	95	394

The net book amount of plant, machinery, equipment and vehicles for the company includes £78,000 (1988 – £43,000) in respect of leased assets and assets on hire purchase.

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

## 13 Investments

## Company

Subsidiary companies	£'000
At 1 October 1988	1,916
Additions:	
Nominal value of shares issued	22
Cash and related costs	466
At 30 September 1989	<u>2,404</u>

The subsidiary companies at 30 September 1989 were:

Company	Nature of business	Percentage of ordinary shares held
Thornton Precision Forgings Limited	Precision forgings	100%
Tool & Steel Products Limited	Engineering and tool making	100%
Henry Taylor (Tools) Limited	Hand tool manufacturers	100%
Cambridge Hand Tools Limited	Hand tool manufacturers	100%
Thornton Medical Company Limited	Dormant	100%
ACT (Computer Services) Limited	Computer services	100%
ACT Computer Resources Limited	Computer services	100%
and its subsidiary companies		
ACT Projects Limited	Computer services	100%
GTC Media Limited	Computer services	100%
Multiple Accounting Services (MAS) Limited	Computer services	100%
MAS Holdings Limited	Dormant	100%
Thornton Business Services Limited	Dormant	100%
Accounting Developments (MAS) Limited	Dormant	100%
Perthcrest Limited	Computer services	100%
and its subsidiary company		
Perthcrest Tranman Limited	Computer services	60%

All the companies are incorporated in and operate in England

The company has recorded the cost of its investment in 130,000 ordinary shares of £1 in Perthcrest Limited at the nominal value of the 254,090 shares issued together with the cash element of the consideration including acquisition costs. The fair value of the consideration is estimated to amount to £900,000, being the cost of shares acquired for cash, the mid-market value in the five days preceding the issue of shares issued, and the acquisition costs.

The results of Perthcrest Limited and its subsidiary have been included in the consolidated accounts from 2 October 1988. The two companies contributed £3,837,000 to the group turnover and £230,000 to the group profit before taxation.

175,000 ordinary shares were issued as deferred consideration in connection with the merger with Greenwood Taylor Clark Systems Limited (now ACT Computer Resources Limited). These have been recorded at nominal value. The fair value of the deferred consideration is estimated to amount to £302,750, being the mid-market value in the five days preceding the issue of shares issued.

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

14 Stocks  
Group

	1989 £'000	1988 £'000
Raw materials	953	653
Work in progress	691	780
Finished goods and goods purchased for resale	263	250
	<u>1,907</u>	<u>1,683</u>

The replacement cost of stocks does not differ from the balance sheet value by a material amount.

## 15 Debtors

	Group		Company	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Due within one year				
Trade debtors	4,034	3,150	23	29
Amounts due from subsidiary companies	—	—	749	351
Other debtors	159	85	39	23
Prepayments	667	230	13	9
Prepaid acquisition costs	—	14	—	14
	<u>4,860</u>	<u>3,479</u>	<u>824</u>	<u>426</u>
Due after more than one year				
Advance corporation tax recoverable	—	—	60	54
	<u>4,860</u>	<u>3,479</u>	<u>884</u>	<u>480</u>

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

## 16 Creditors

	Group		Company	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Amounts falling due within one year				
Bank overdrafts	779	738	241	530
Trade creditors	2,173	1,686	—	—
Amounts owed to subsidiary companies	—	—	59	9
Other creditors	154	33	97	—
Corporation tax	608	546	60	54
Other tax and social security	423	351	—	8
Accruals	770	428	116	59
Hire purchase	197	106	27	13
Loans	140	125	100	30
Proposed dividends	179	162	179	162
	<u>5,423</u>	<u>4,175</u>	<u>879</u>	<u>865</u>
Amounts falling due after more than one year				
Repayable within five years				
Hire purchase loans	345	256	19	24
Other loans	—	146	—	90
Repayable by instalments				
Bank and European Coal and Steel Community loans				
Instalments due within five years	567	184	400	—
Instalments due after five years	1,048	71	1,000	—
	<u>1,960</u>	<u>657</u>	<u>1,419</u>	<u>114</u>

The group and company have a bank loan of £1,500,000 repayable in equal annual instalments over 15 years. The loan is secured by a fixed charge over the freehold property of the company, and bears interest at 1.75 per cent over bank base rate.

The group has European Coal and Steel Community loans of £160,000 and £95,000 respectively. The principal terms are as follows:

Loan	£160,000	£95,000
Repayment	four equal annual instalments commencing in May 1990	four equal annual instalments commencing in April 1993
Interest	6.5% per annum	8.75% per annum

Both loans are secured by guarantees from the company's bankers.

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

17 Borrowings  
Group

	1989		1988	
	Bank loans and overdrafts	Other	Bank loans and overdrafts	Other
	£'000	£'000	£'000	£'000
Due within one year	879	237	738	231
Due within one to two years	100	385	—	181
Due within two to five years	300	127	—	405
Due after five years	1,000	48	—	71

## 18 Deferred taxation

	Group	Company
	£'000	£'000
At 1 October 1988	73	6
Acquisition of subsidiary	25	—
Release for the year	(61)	—
Movement in Advance Corporation Tax	(6)	—
At 30 September 1989	<u>31</u>	<u>6</u>

Deferred taxation has been provided in full and arises on the following timing differences:

	Group		Company	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Short term timing differences	(2)	(19)	—	—
Accelerated capital allowances	<u>93</u>	<u>146</u>	<u>6</u>	<u>6</u>
	91	127	6	6
Advance corporation tax	<u>60</u>	<u>54</u>	<u>—</u>	<u>—</u>
	<u>31</u>	<u>73</u>	<u>6</u>	<u>6</u>

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

## 19 Called up share capital

	Authorised	
	1989 £'000	1988 £'000
9,000,000 ordinary shares of 5p each	450	400
	Allotted and fully paid	
	1989 £'000	1988 £'000
6,510,580 ordinary shares of 5p each	326	304

On 24 October 1988, 254,090 ordinary shares were issued in connection with the acquisition of Perthcrest Limited.

On 27 December 1988 175,000 ordinary shares were issued in connection with the merger with Greenwood Taylor Clark Systems Limited (now ACT Computer Resources Limited).

Under the terms of the Executive Share Option Scheme the following options are outstanding at 30 September 1989:

Number	Exercise Price	Exercise Dates
95,000	£1.65 per share	Between 17 August 1990 and 17 August 1994
40,000	£1.40 per share	Between 12 February 1991 and 12 February 1995
90,000	£1.30 per share	Between 7 June 1991 and 7 June 1995
50,000	£1.68 per share	Between 10 January 1992 and 10 January 1996

In respect of the acquisition of Perthcrest Limited the company has recorded the shares issued at their nominal value excluding any share premium in accordance with s.131 of the Companies Act 1985. Had the share premium of £422,000 been recognised the total consideration would have been £900,000 and the goodwill arising on acquisition would have been £948,000.

A further 116,960 ordinary shares are to be issued as deferred consideration for the acquisition of Perthcrest Limited on the achievement of turnover warranties for each of the two years ending 31 December 1989 and 31 December 1990.

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

## 20 Reserves

## Group

	£'000
At 1 October 1988	1,200
Retained profit for year	580
Goodwill written off	(589)
At 30 September 1989	<u>1,191</u>

Goodwill written off in the year amounting to £589,000 represents the write off of purchased goodwill and goodwill arising on consolidation.

## Company

In accordance with the exemption allowed by section 228(7) of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the financial year dealt with in the accounts of the company was £405,000 (1988 - £193,000).

Movements in retained profits are as follows:

	£'000
At 1 October 1988	16
Retained profit for year	96
At 30 September 1989	<u>112</u>

## 21 Financial commitments

Authorised future capital expenditure amounted to:

	Group		Company	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Contracted	11	4	—	—
Not contracted	25	—	—	—

The annual commitment under non-cancellable operating leases was as follows:

## Group

	Land and buildings		Plant and machinery	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Leases expiring				
Within one year	12	9	135	30
Within two to five years	20	7	467	146
Thereafter	107	—	—	—
	<u>139</u>	<u>16</u>	<u>602</u>	<u>176</u>

## Company

	Land and buildings		Plant and machinery	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Leases expiring				
Within one year	—	—	—	—
Within two to five years	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

## NOTES ON THE ACCOUNTS

30 SEPTEMBER 1989

### 21 Financial commitments continued

#### Pension commitments

The group operates two defined benefit pension schemes, both of which are funded by the payment of contributions to separately administered trust funds.

The contributions to these schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuations were conducted as at 1 October 1987 using the following main assumptions:

Future yield	9% per annum
Future rate of salary increases	8% per annum

These valuations showed that the market value of the schemes' assets at that date totalled £1,459,000 and the actuarial value was sufficient to cover the benefits that had accrued to members, after allowing for the effect of future increases in their earnings.



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 DIRECTORY OF COMPANIES
 

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Division	Company	Address	Telephone	Fax	Telex
Metal Products	Thornton Precision Forgings Limited	Lowther Road Sheffield S6 2DR	0742 339445	0742 336978	547381
	Tool & Steel Products Limited	Woodseats Road Sheffield S8 0PF	0742 551004	0742 557445	54448
Business Services	ACT (Computer Services) Limited	Bridge House Bridge Street Sheffield S3 8NS	0742 752848	0742 700784	54424
		ACT House Telephone Avenue Bristol BS1 4BF	0272 211733	0272 227322	N/A
		Stockeld Park Wetherby LS22 4AH	0937 63778	0937 580028	N/A
		Celtic House Heritage Gate Derby DE1 1QX	0332 366887	0332 290823	N/A
		212 Dudley Road Halesowen West Midlands B63 3LU	021 585 5954	021 585 5964	N/A
	Perthcrest Limited	Perthcrest House Cambridge Business Park Milton Road Cambridge CB4 4WT	0223 420011	0223 423358	817667
	Perthcrest Tranman Limited	28A High Street Thornbury Bristol	0454 411728	0454 417269	N/A
Hand Tools	Henry Taylor (Tools) Limited	The Forge Lowther Road Sheffield S6 2DR	0742 340282	0742 336978	547381
	Cambridge Hand Tools Limited	Newcastle Street Sheffield S1 4EF	0742 724698	0742 750946	N/A

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## FIVE YEAR RECORD

The five year record is presented on a restated basis following the merger with Greenwood Taylor Clark Systems Limited (now ACT Computer Resources Limited).

	1989	1988	1987	1986	1985
	£'000	£'000	£'000	£'000	£'000
Turnover	<u>20,380</u>	<u>13,878</u>	<u>10,436</u>	<u>9,770</u>	<u>7,293</u>
Profit before taxation	1,420	1,252	1,064	770	574
Taxation	<u>514</u>	<u>448</u>	<u>369</u>	<u>262</u>	<u>198</u>
Profit after taxation	906	804	695	508	376
Minority interests	<u>17</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit for year	889	804	695	508	376
Dividends	<u>309</u>	<u>257</u>	<u>165</u>	<u>136</u>	<u>106</u>
Retained profit	<u>580</u>	<u>547</u>	<u>530</u>	<u>372</u>	<u>270</u>
Earnings per share	<u>13.7p</u>	<u>13.2p</u>	<u>13.0p</u>	<u>11.2p</u>	<u>8.3p</u>

G. W. Thornton Holdings plc

## FINANCIAL CALENDAR

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**Annual general meeting**

2 March 1990

**Final dividend**

payable 5 March 1990 to shareholders on the register at the close of business on 19 January 1990

**Half year results to 31 March 1990**

announced May 1990

**Interim dividend**

payable June 1990

**Financial year end**

29 September 1990

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of G. W. Thornton Holdings plc will be held at Bridge House, Bridge Street, Sheffield on Friday 2 March 1990 at 12 noon for the following purposes:

### Ordinary business:

- 1 To consider and adopt the accounts for the year ended 30 September 1989 and the reports of the directors and of the auditors.
- 2 To declare a final dividend.
- 3 To re-elect G. I. Bramah, a director of the company.
- 4 To re-appoint Ernst & Young as auditors of the company and to authorise the directors to fix their remuneration.

### Special business:

To consider and, if thought fit, pass the following resolutions.

As an ordinary resolution:

- 5 That for the purpose of Section 80 of the Companies Act 1985 ("the Act") the directors be and they are hereby generally and unconditionally authorised during the period from the date of the passing of this resolution up to and including 2 March 1995 to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £121,547 provided that:
  - (a) the above mentioned authority to allot relevant securities shall allow and enable the company to make an offer or agreement before the expiry of that authority which would or might require relevant securities to be allotted after such expiry,
  - (b) the word "allot" in this resolution shall bear the meaning which such word bears in Section 80 of the Act; and
  - (c) the above mentioned authority shall replace all previous authorities granted under Section 80 of the Act, which are hereby superseded.

As a special resolution:

- 6 That, subject to the passing of resolution 5 above and pursuant to the authority therein contained, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act"), until the conclusion of the next Annual General Meeting of the company to allot equity securities (within the meaning of Section 94 of the Act) as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to:
  - (a) the allotment of equity securities in connection with a rights issue to or for the benefit of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be having regard to such exclusions as the directors may deem necessary to deal with problems arising in any overseas territory, in connection with fractional entitlements or otherwise) to the respective numbers of ordinary shares held by them,
  - (b) the allotment of equity securities pursuant to employees' share schemes (as defined in Section 743 of the Act), and
  - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £16,423 (being 5% of the issued share capital of the company at the date of the passing of this resolution).In this resolution
  - (a) the above mentioned power to allot equity securities shall allow and enable the company to make an offer or agreement before the expiry of the power which would or might require equity securities to be allotted after such expiry, and
  - (b) the word "allot" shall bear the meaning which such word bears in Section 94(3) of the Act

By order of the Board

S Westwood

Secretary

7 February 1990

Registered in England: number 2083731

### Notes

- 1 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies (who need not be members of the company) to attend and, on a poll, to vote instead of him. Forms of proxy duly signed (or in the case of corporations, duly sealed) by the appointer, should arrive at the offices of the company's registrars not later than 48 hours before the time for which the meeting is convened. Completion of the form of proxy will not prevent a member from attending and voting at the meeting should he or she subsequently decide to do so.
- 2 The following documents will be available for inspection at the registered office of the company during the usual business hours from the date of this notice until the date of the Annual General Meeting and from 11.45 am until the conclusion of the meeting:
  - a) A statement of all transactions of each director (and also so far as he can reasonably ascertain, of his family interests) in the equity share capital of the company and any of its subsidiary companies
  - b) Copies of the contracts of service between the company and the directors