60906/591

Henry Boot

Group of Companies

1978

Report and Accounts

Contents

Henry Boot & Sons Limited

DIRECTORS
E. H. Boot, O.B.E., M.M., *Chairman and Joint Managing*
D. H. Boot, *Deputy Chairman and Joint Managing*
S. M. Reis
J. F. Turner
R. East
D. A. Tucker
D. H. Woolf

SECRETARY
A. W. Marsh

GROUP AND REGISTERED OFFICE
Banner Cross Hall,
Sheffield,
S11 9PD

AUDITORS
Hawson & Co., *Chartered Accountants*
Pegasus House,
Glossop Road,
Sheffield,
S10 2QD

SOLICITORS
Allen & Overy,
9 Cheapside,
London,
EC2V 6AD

BANKERS
Barclays Bank Limited,
Sheffield Moor Branch,
2 London Road,
Sheffield,
S2 4LL

MERCHANT BANKERS
Kleinwort, Benson Limited,
20 Fenchurch Street,
London,
EC3P 3DB

STOCKBROKERS
L. Messel & Co.,
Winchester House,
100 Old Broad Street,
London,
EC2P 2HX

Subsidiary Companies

CONSTRUCTION
Henry Boot Construction Limited
Henry Boot & Sons (Building) Limited
Henry Boot & Sons (Civil Engineering) Limited
Henry Boot & Sons (Midlands) Limited
Henry Boot (Northern) Limited
Henry Boot & Sons (Southern) Limited

DEVELOPMENT
Henry Boot Developments Limited
Aylesham Investment Company Limited
Thornbridge Developments Limited
Thornbridge Investments Limited
Henry Boot (Winsford) Limited

HOMES
Henry Boot Homes Limited

ENGINEERING
Henry Boot Engineering Limited
Carrick & Foster (P.V.C.) Limited
Llewelyn Wynn-Williams Limited

FOUNDRY
Henry Boot Foundry Limited

JOINERY
Rothervale Joinery Limited
Rothervale Trading Limited
Whittington Joinery Limited

PLANT
Banner Plant Limited
Banner Scaffolding Limited

PROPERTY
First National Housing Trust Limited
Henry Boot Estates Limited

AGRICULTURAL EQUIPMENT
Retford Sheet Metal Limited

LEISURE
Thornbridge Squash Limited

FINANCE
Banner Building Society

Notice of Meeting

NOTICE IS HEREBY GIVEN that the FIFTY-NINTH ANNUAL GENERAL MEETING of Henry Boot & Sons Limited will be held at Banner Cross Hall, Sheffield on Thursday, the 31st day of May 1979 at 12 noon for the following purposes:

(1) To receive the Report of the Directors and the Accounts for the year ended 31st December 1978. *(Resolution No. 1)*

(2) To elect Directors. *(Resolutions Nos. 2 and 3)*

(3) To appoint Auditors and authorise the Directors to fix the Auditors' remuneration. *(Resolution No. 4)*

By Order of the Board,

A. W. MARSH,

8th May 1979 — Secretary

Notes:

Only holders of Ordinary Shares in the Company are entitled to attend or vote at the Meeting.

A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the Company.

A form of proxy for use at the Meeting is enclosed with the notice issued to holders of Ordinary Shares.

Copies of all contracts of service between the Company and any of its Subsidiaries and Directors of the Company will be available for inspection at the Registered Office of the Company 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 for fifteen minutes prior to and at the Meeting.

Report of the Directors

The Directors present the Balance Sheet of Henry Boot & Sons Limited and the Group Balance Sheet both at 31st December 1978 together with the Group Profit and Loss Account for the year ended on that date.

Results and dividends

The Group loss for the year and dividends paid are set out in the Group Profit and Loss Account.

An interim dividend of 2.5p per Ordinary Share in respect of the year ended 31st December 1978 was paid on the 10th November 1978. The Directors do not recommend the payment of a final dividend.

Principal activities, turnover and profit or loss

The Group turnover and loss, analysed between the principal activities, are:

	1978		1977	
	Turnover *£,000*	*Profit (Loss)* *£,000*	*Turnover* *£,000*	*Profit (Loss)* *£,000*
Construction				
Building and civil engineering and houses for sale	60,485	(4,694)	57,514	511
Engineering				
Rail trackwork, manufacture of rail track components and general engineering	3,732	62	2,952	110
Foundry				
Ironfounding production and trading	1,681	105	1,076	59
Joinery				
Manufacture of standard doors and windows and of purpose made joinery and the operation of joinery distribution centres	8,340	29	5,958	19
Plant				
Hire and sale of contractors' plant and equipment and scaffolding contracting	1,306	89	1,000	69
Property, Development and Leisure				
Development, letting, sale and management of residential, commercial, industrial and leisure properties	943	366	1,131	561
Agricultural Equipment				
Manufacture of agricultural machinery and safety and weather cabs for agricultural, industrial and construction equipment	910	(365)	534	(79)
Finance				
Provision of mortgage advances	496	439	559	498
Parent Company				
Provision of finance and services to Subsidiary Companies and external investment	64	274	242	265
	77,957	(3,695)	70,966	2,013

Report of the Directors (continued)

Subsidiaries

During 1978 Henry Boot Developments Limited, Henry Boot Homes Limited and Thornbridge Squash Limited were incorporated as wholly owned subsidiary companies. They commenced trading on the 1st January 1979.

Exports

The value of goods exported by the Group during the year amounted to £1,538,052.

Employees

The average number of employees during each week in 1978 was 4,237. Their aggregate remuneration paid or payable for the year amounted to £15,417,260.

Political and charitable contributions

During 1978 no contributions for political purposes were made by the Group. Contributions for charitable purposes totalled £979.

Interests in land

The Directors are of the opinion that the market value of the interests of the Group in land held as fixed assets and as rented properties and freehold reversions exceeds their book value by not less than £5,000,000.

Directors

Mr. E. H. Boot, Mr. D. H. Boot, Mr. S. M. Reis, Mr. J. F. Turner, Mr. R. East and Mr. D. A. Tucker held office as Directors throughout the year.

Mr. J. B. Parkinson ceased to hold office as a Director on the 1st November 1978.

Mr. D. H. Woolf was appointed as a Director on the 1st December 1978. In accordance with the Articles of Association he retires from office but, being eligible, offers himself for re-election.

The Director to retire by rotation is Mr. S. M. Reis who, being eligible, offers himself for re-election.

Directors' interests in contracts

No Director had a material interest in any contract with the Company or any of its Subsidiaries at any time during the year.

Directors' interests in shares

The interests of Directors in the share capital of the Company appearing in the register maintained under the provisions of the Companies Act 1967 were:

Report of the Directors (continued)

	At 1st Jan. 1978	At 31st Dec. 1978
Ordinary Shares of 50p each:		
Beneficial interests		
E. H. Boot	92,400	92,400
D. H. Boot	226,920	205,725
S. M. Reis	360,850	360,850
J. F. Turner	1,000	1,000
R. East	575	–
D. A. Tucker	450	450
Non-beneficial interests		
S. M. Reis	351,502	336,502
Cumulative Preference Shares of £1 each:		
Beneficial interests		
E. H. Boot	16,083	16,083
D. H. Boot	6,818	6,818
S. M. Reis	20,226	20,226
Non-beneficial interests		
S. M. Reis	1,955	1,955

There have been no changes in the interests stated above between the 31st December 1978 and the 8th April 1979.

Interests in voting shares

Industrial and Commercial Finance Corporation Limited and certain of its associated companies are interested in 559,000 Ordinary Shares in the Company, representing 10.53% of the issued Ordinary Share capital. Save as aforesaid, the Directors are not aware of an interest of any person, other than a Director, in 5% or more of the share capital of the Company as at the 8th April 1979.

Close company status

So far as the Directors are aware the close company provisions of the Income and Corporation Taxes Act 1970 do not apply to the Company.

Auditors

The Auditors, Messrs. Hawson & Co., have signified their willingness to remain in office and a resolution reappointing them as Auditors and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board,

E. H. BOOT,

8th May 1979 Chairman

Report of the Auditors

To the Members of Henry Boot & Sons Limited

The Accounts set out on pages 9 to 21 have been prepared on the historical cost basis.

In our opinion the said Accounts together give, on that basis, so far as concerns Members of Henry Boot & Sons Limited a true and fair view of the state of affairs at 31st December 1978 and of the loss and movement of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

HAWSON & CO.,

8th May 1979 Chartered Accountants

Accounting Policies

(a) **Basis of consolidation**

The Group Accounts are prepared on the historical cost basis and consolidate the Accounts of the Parent Company and its Subsidiary Companies which are listed on page 3.

(b) **Turnover**

Construction, engineering and scaffolding contracting turnover is prime cost expenditure. All other turnover is net sales or income receivable.

(c) **Depreciation**

Depreciation is provided on a straight line basis, mainly at the following rates, which are calculated to write off the cost of fixed assets over their estimated useful lives:

Freehold buildings	4% or 10%
Long leasehold land and buildings	4%
Plant and machinery	Between 10% and 33%
Motor vehicles	25%
Office equipment	
Costing less than £1,000	100%
Costing £1,000 and over	25%

Freehold land is not depreciated.

(d) **Stocks and work in progress**

The basis of valuation of stocks and work in progress, other than long-term contracts, is the lower of cost and net realisable value. Long-term contracts are valued at cost plus attributable profit less provision for foreseeable losses. Progress payments received are deducted from the valuation.

A long-term contract is a contract where a substantial proportion of the work will extend for a period exceeding one year and for accounting purposes all contracts, except those associated with manufacturing activities, are deemed to be long-term. Cost is that expenditure incurred in the normal course of business in bringing the product or contract to its present location and condition. Net realisable value is actual or estimated selling price less all further costs to completion and all marketing, selling and distribution costs to be incurred. Attributable profit is that amount which is estimated to reflect fairly the profit arising on current contracts up to the accounting date. Foreseeable losses are those losses which are currently estimated to arise over the duration of the existing contracts.

Accounting Policies (continued)

(e) **Land held for development**

Where development has not yet commenced, the value of the land is included in land held for development at the lower of cost and net realisable value. Where development has commenced the value of the land is included in work in progress.

(f) **Rented properties and freehold reversions**

Rented properties and freehold reversions are accounted for at original cost less amounts written off.

(g) **Deferred taxation**

Provision is made for deferred taxation at the corporation tax rate of 52%. Advance corporation tax recoverable is deducted from the deferred taxation provision.

(h) **Corporation tax**

Group corporation tax liabilities are provided in the Accounts of the Parent Company. Subsidiary Companies account to the Parent Company for liabilities paid on their behalf.

(i) **Government grants**

Regional development grants are deducted from the cost of the assets to which they relate at the time the grants are received.

Group Profit and Loss Account
for the year ended 31st December 1978

	Note	1978 £,000	1977 £,000
TURNOVER		77,957	70,900
PROFIT (LOSS) BEFORE TAXATION	1	(3,695)	2,013
TAXATION	3	(1,957)	1,044
PROFIT (LOSS) AFTER TAXATION		(1,738)	969
DIVIDENDS	4	130	492
PROFIT (LOSS) RETAINED	17	(1,868)	477
Being:			
Parent Company (including taxation credit of £1,224,000)	18	1,539	49
Subsidiary Companies		(3,407)	428
		(1,868)	477
EARNINGS (LOSS) PER ORDINARY SHARE	5	(33.1p)	17.9p

Group Balance Sheet
31st December 1978

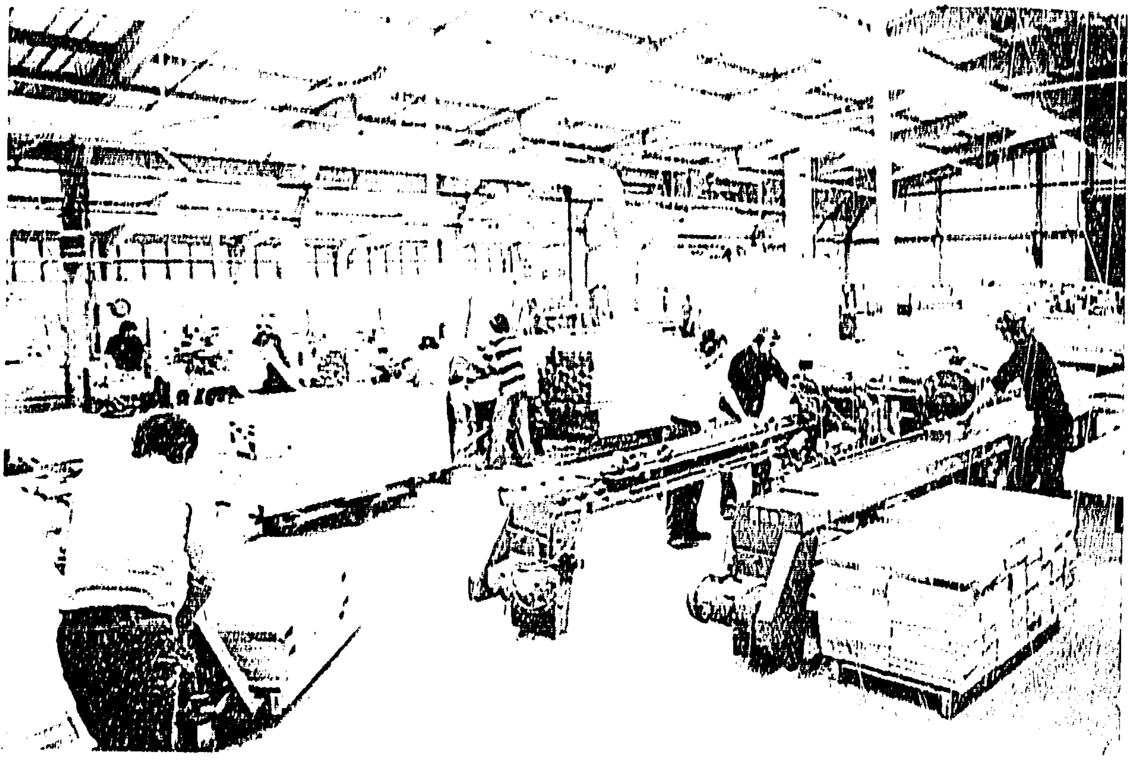
	Note	*1978 £,000*	*1977 £,000*
NET ASSETS			
FIXED ASSETS	8	4,199	3,640
INVESTMENTS	9	518	400
ADVANCES ON MORTGAGE		3,912	4,068
DEPOSITS	11	353	1,446
RENTED PROPERTIES AND FREEHOLD REVERSIONS		509	518
CURRENT ASSETS	12	17,277	20,208
CURRENT LIABILITIES	14	(10,447)	(10,608)
TOTAL NET ASSETS		16,321	19,672
FUNDS			
SHARE CAPITAL	16	3,054	3,054
RESERVES	17	8,387	10,255
		11,441	13,309
DEFERRED TAXATION	19	2,712	4,718
BANK OVERDRAFTS		1,477	781
OTHER FINANCE	21	691	864
TOTAL FUNDS		16,321	19,672

E. H. BOOT
DAVID H. BOOT
Directors

Parent Company Balance Sheet
31st December 1978

	Note	1978 £,000	1977 £,000
NET ASSETS			
FIXED ASSETS	7	187	224
INVESTMENTS	9	517	459
SUBSIDIARY COMPANIES	10	10,827	5,142
DEPOSITS	11	53	945
CURRENT ASSETS	13	1,299	2,682
CURRENT LIABILITIES	15	(183)	(785)
TOTAL NET ASSETS		12,700	8,667
FUNDS			
SHARE CAPITAL	16	3,054	3,054
RESERVES	18	8,139	3,600
		11,193	6,654
DEFERRED TAXATION	20	1,219	2,013
BANK OVERDRAFT		288	—
TOTAL FUNDS		12,700	8,667

E. H. BOOT
DAVID H. BOOT
Directors

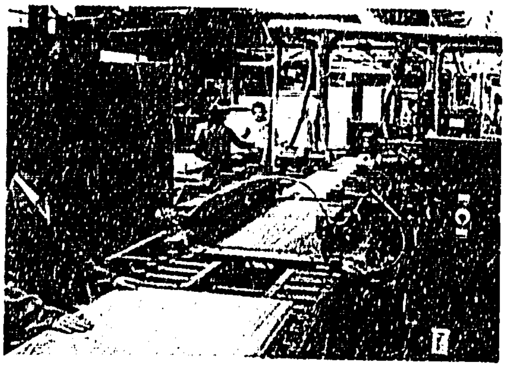


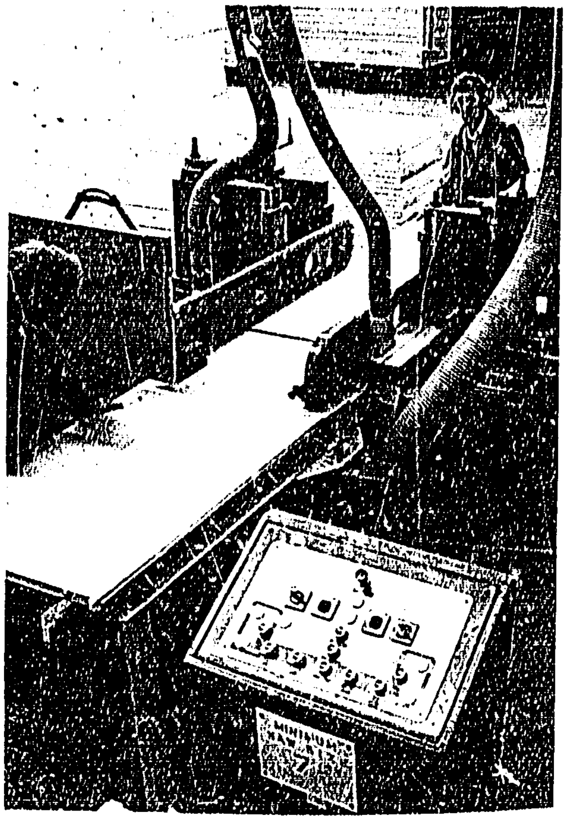
Above:

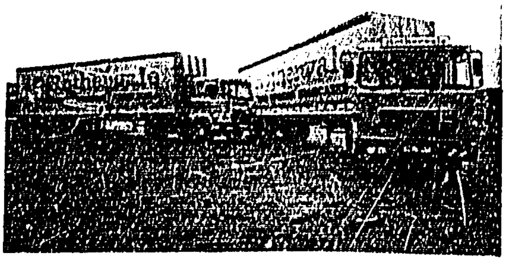
A general internal view of one of the machining shops in the works of Rothervale Joinery Limited.

Below:

Increased demand for Rothervale flush doors has necessitated the commissioning of a further production line. Door lipping and widthing machines are shown.







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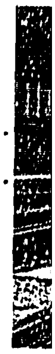
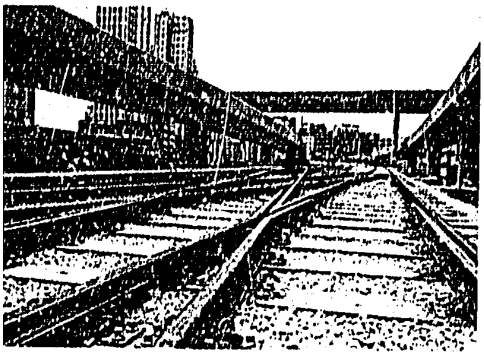
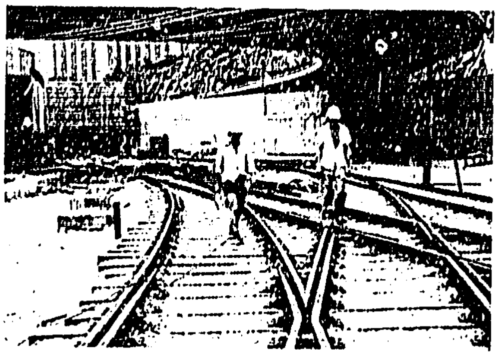


Henry
buffer

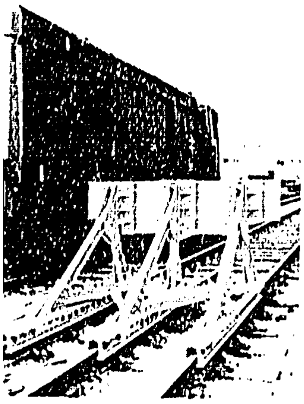
he Henry Boot Group offers a leading capability in the design, ıanufacture and construction of complete railway systems and has pplied this comprehensive expertise to the Hong Kong metro system ackwork.

Civil and railway engineering are part of the Group's overseas activities which also include project management of major developments.



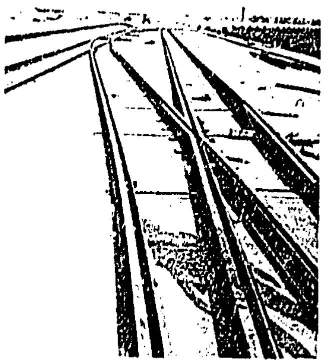


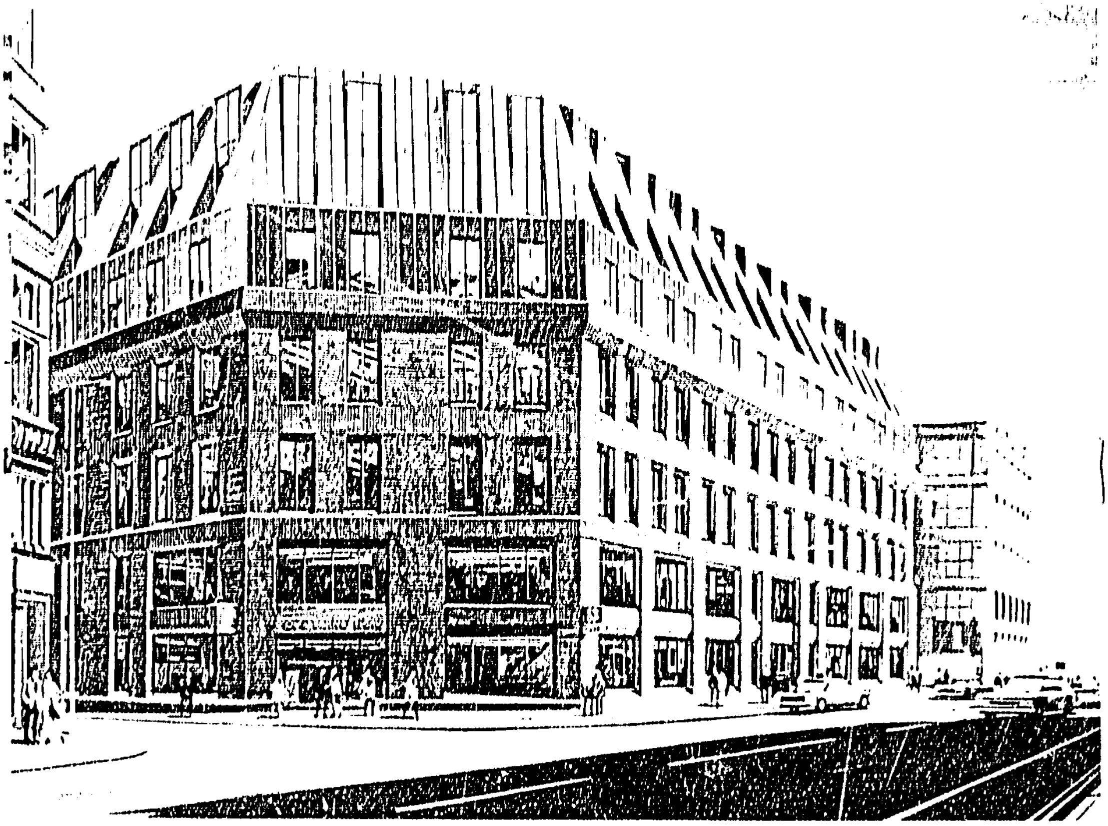
ınry Boot Engineering Limited sliding ffer stop.



A turnout designed by Henry Boot Engineering Limited fc colliery underground haulage systems.

Nigerian Ports Authority: Apapa Wharf, Lagos Harbour.





Above:

Opened by Her Majesty
the new £9 million Oldh
character and quality bu
Limited to very high stan
vital contribution to the

Consultant Architect: C

Quantity Surveyor: Can

Above left:

Contained within the ele
Head Office in Central N
computer centre and fiv

Architect: Co operative

Quantity Surveyor: Ban

Below left.

Refurbishment of the ma
theatre at Tooting was u
contract basis in the extr

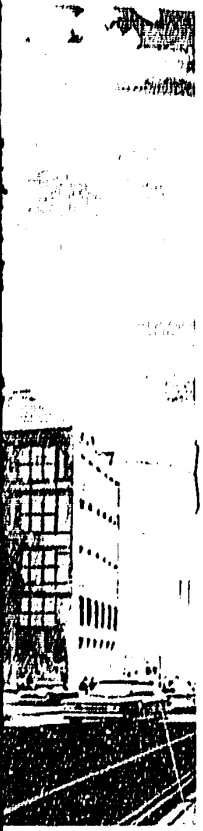
Architect: George Coles

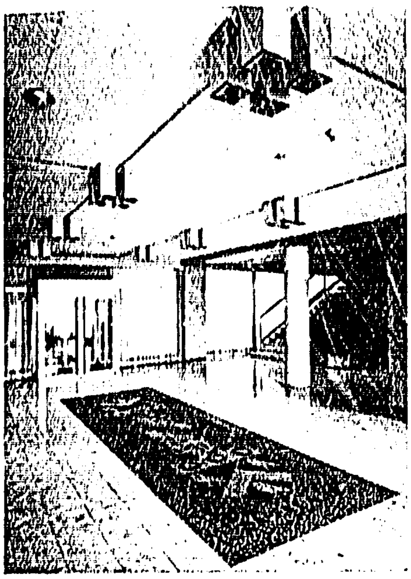
Quantity Surveyor: Gle

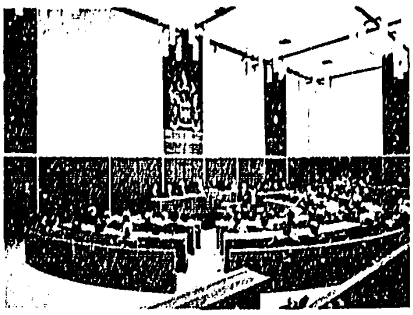
Below right:

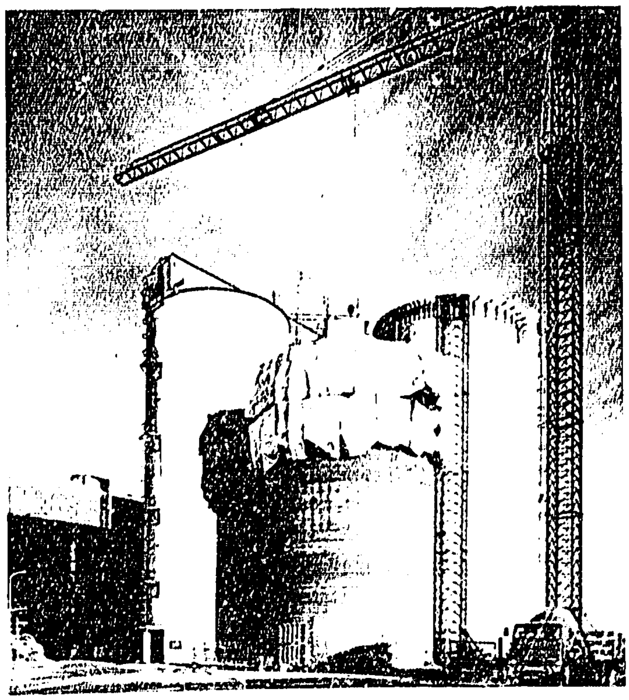
As a major part of Tioxid
expansion in Hartlepool,
maintaining the chemica
was undertaken round th

Main Process Contractor
Consulting Engineer: Hu









Above:

Opened by Her Majesty Queen Elizabeth The Queen Mother, the new £9 million Oldham Civic Centre is a fine example of character and quality built by Henry Boot Construction Limited to very high standards. The Centre now makes a vital contribution to the social and cultural life of the Borough.

Consultant Architect: Cecil Howitt and Partners, Nottingham

Quantity Surveyor: Cameron Middleton and Lees, Oldham

Above left:

Contained within the eight-floor Co-operative Bank £5 million Head Office in Central Manchester are a banking hall, computer centre and five floors of office accommodation.

Architect: Co-operative Wholesale Society Limited

Quantity Surveyor: Banks, Wood & Partners, Manchester

Below left:

Refurbishment of the magnificent Gothic-style Granada theatre at Tooting was undertaken and completed on a fee contract basis in the extremely tight schedule of 18 weeks.

Architect: George Coles & Partners, London

Quantity Surveyor: Gleeds, London

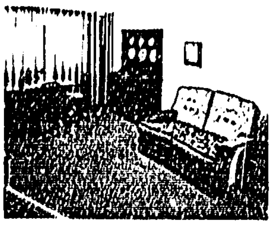
Below right:

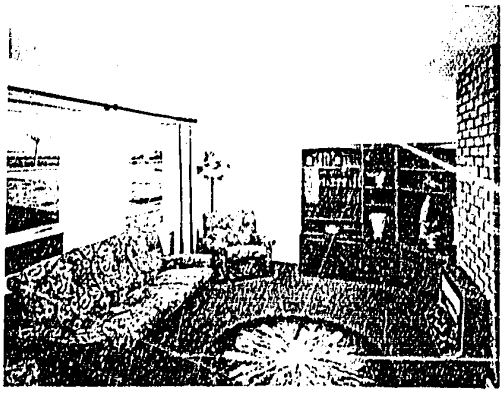
As a major part of Tioxide International's chemical plant expansion in Hartlepool, this contract was carried out whilst maintaining the chemical works fully operational. Work was undertaken round the clock to an hour-by-hour schedule.

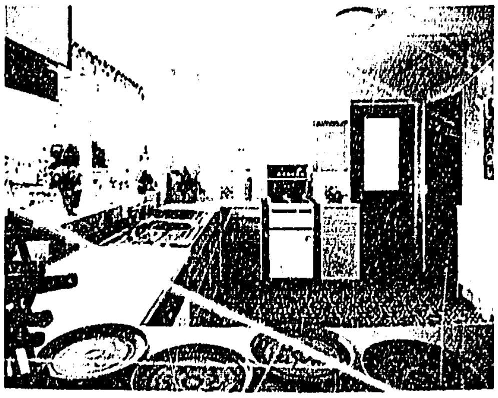
Main Process Contractor and
Consulting Engineer: Humphreys & Glasgow Limited, London

With an ever increasing number of houses for sale developments throughout the United Kingdom, Henry Boot Homes Limited maintains steady growth.

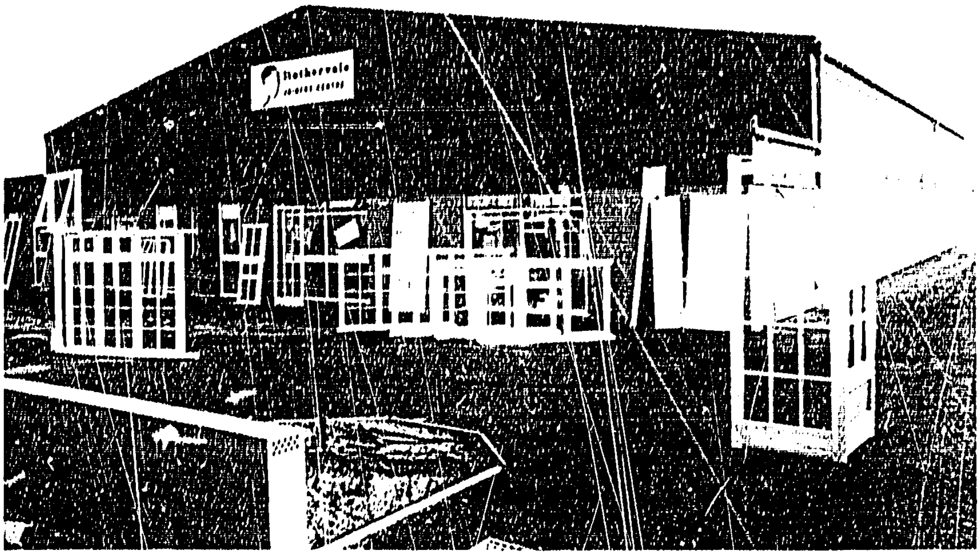
Developments offer houses ranging from competitively priced homes for first-time buyers to luxury dwellings.



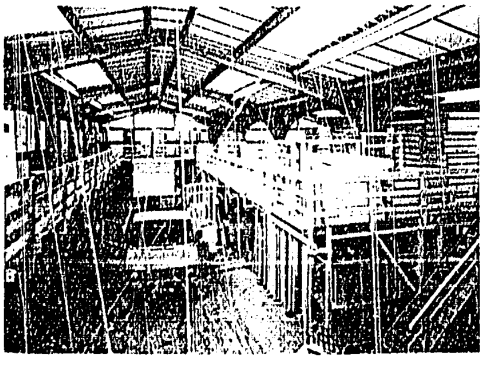


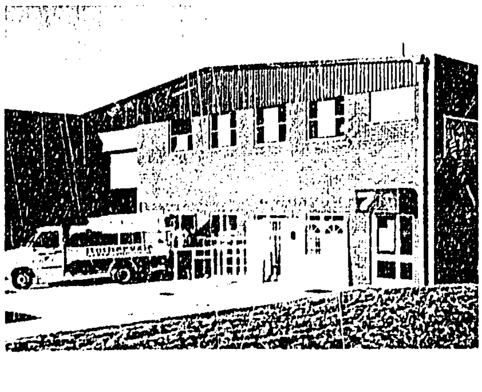


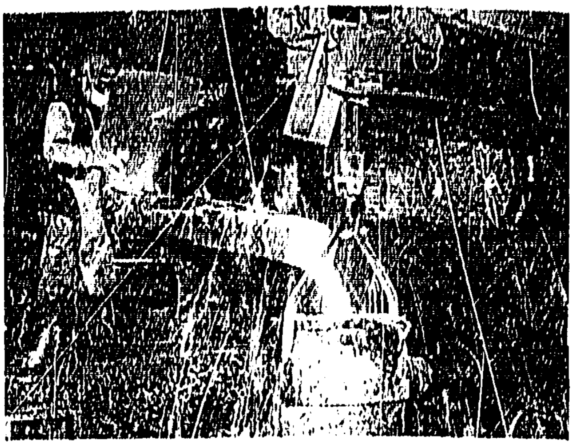
New joinery c
various parts c



New joinery centres have been opened by Rothervale Trading Limited in various parts of the country during the past twelve months.







Above:

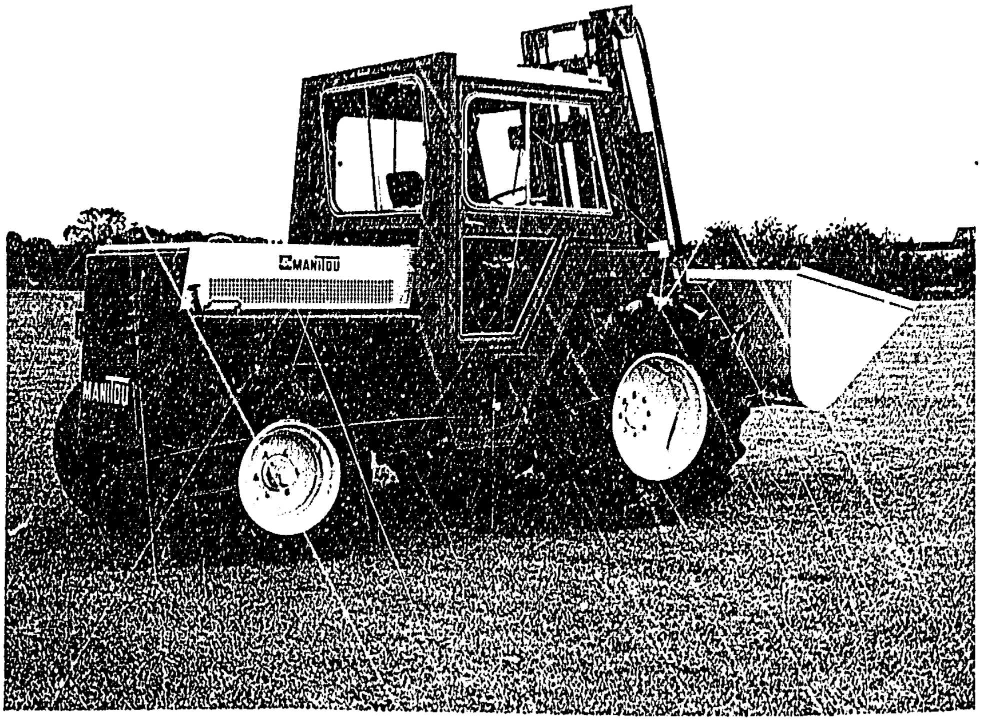
Tapping the furnace at Bingley.

Above left:

The R.S.M. Brush Breaker at the 1978 National Forestry Demonstration. The machine is shown cutting and shredding mature rhododendron bushes.

Below:

A cab designed and manufactured by Retford Sheet Metal Limited for the new Manitou MB25P rough terrain forklift truck. Manitou supply more than [illegible]0% of all such machines sold in the United Kingdom and the cab conforms to the noise regulations which apply to agricultural tractors.



Notes to the Accounts

1. Profit (loss) before taxation

The profit (loss) has been arrived at after charging:	*1978 £,000*	*1977 £,000*
Depreciation	1,007	894
Plant hire	2,279	1,987
Auditors' remuneration and expenses	38	30
Bank and other short term interest	139	163
Other finance interest	9	5
Directors' emoluments		
Fees	—	—
Management remuneration	208	174
Purchase of annuity for a former Director	25	—
and after crediting:		
Rents receivable less outgoings	237	203
Income from quoted investments	16	28
Profit on sale of fixed assets	100	80

2. Emoluments of Directors and senior employees

The emoluments, other than pension contributions, of the Chairman amount to gross £54,372 (1977 £49,000) — tax £36,765 — net £17,607.

The number of Directors of the Parent Company whose emoluments, other than pension contributions, fall within the following scales are:

Gross £ £	*1978 Number*	*1977 Number*	*Tax* £	*Net* £
Up to 2,500	1	1	300	2,200
2,501 to 5,000	2	1	1,100	3,900
12,501 to 15,000	—	1	5,300	9,700
20,001 to 22,500	1	—	10,600	11,900
22,501 to 25,000	1	—	12,400	12,600
25,001 to 27,500	—	2	14,500	13,000
32,501 to 35,000	—	1	20,700	14,300
35,001 to 37,500	1	—	22,800	14,700
37,501 to 40,000	1	—	24,800	15,200
47,501 to 50,000	—	1	33,100	16,900
52,501 to 55,000	1	—	37,300	17,700

In the previous year two Directors waived rights to receive emoluments amounting in aggregate to £50,000.

The number of employees of the Parent Company, other than Directors, whose emoluments exceed £10,000 fall within the following scales:

Gross £ £	*1978 Number*	*1977 Number*	*Tax* £	*Net* £
12,501 to 15,000	—	1	5,300	9,700
15,001 to 17,500	1	—	6,900	10,600

The figures shown above for tax and net emoluments are related to the higher figure in each scale and relate to a married man with no other income or allowances at the tax rates applicable for 1978/79.

Notes to the Accounts (continued)

3. Taxation

	1978 £,000	1977 £,000
The charge (credit) for the year consists of:		
Corporation tax at 52% on the profit (loss) for the year	—	—
Transfer to (from) deferred taxation	(1,958)	1,043
Tax attributable to franked investment income	1	1
	(1,957)	1,044

4. Dividends

	1978 £,000	1977 £,000
Preference Shares at 4.2%	17	17
Ordinary Shares:		
Interim of 2.5p (1977 2.5p) paid on 10th November 1978	133	133
Proposed final of nil (1977 6.6839p)	—	355
	150	505
Ordinary dividends waived	(20)	(13)
	130	492

5. Earnings (loss) per Ordinary Share

The calculation of earnings (loss) per Ordinary Share is based upon the Group profit (loss) after taxation and Preference Share dividends.

The calculation for 1978 is based on 5,308,608 Ordinary Shares and a loss of £1,755,000.

Notes to the Accounts (continued)

6. Group fixed assets

	Land and Buildings			Plant, Vehicles & Office Equipment	
	Freehold £,000	Long Leases £,000	Short Leases £,000	£,000	Total £,000
Cost					
At 31st December 1977	2,052	14	3	4,369	6,438
Movements in year					
Additions	239	—	—	2,093	2,332
Disposals	—	—	(3)	(1,115)	(1,118)
At 31st December 1978	2,291	14	—	5,347	7,652
Depreciation					
At 31st December 1977	602	8	3	2,185	2,798
Movements in year					
Disposals	—	—	(3)	(409)	(412)
Depreciation for year	75	1	—	991	1,067
At 31st December 1978	677	9	—	2,767	3,453
Net book value					
At 31st December 1978	1,614	5	—	2,580	4,199
Net book value					
At 31st December 1977	1,450	6	—	2,184	3,640

The cost of additions to freehold buildings has been reduced by regional development grants of £9,352.

7. Parent Company fixed assets

	Land and Buildings			Plant, Vehicles & Office Equipment	
	Freehold £,000	Long Leases £,000	Short Leases £,000	£,000	Total £,000
Cost					
At 31st December 1977	315	5	3	148	471
Movements in year					
Additions	—	—	—	37	37
Group transfers	(2)	—	—	(3)	(5)
Disposals	—	—	(3)	(11)	(14)
At 31st December 1978	313	5	—	171	489
Depreciation					
At 31st December 1977	179	5	3	60	247
Movements in year					
Group transfers	(2)	—	—	(1)	(3)
Disposals	—	—	(3)	(2)	(5)
Depreciation for year	6	—	—	57	63
At 31st December 1978	183	5	—	114	302
Net book value					
At 31st December 1978	130	—	—	57	187
Net book value					
At 31st December 1977	136	—	—	88	224

Notes to the Accounts (continued)

		1978 £,000	1977 £,000
8.	**Fixed asset expenditure commitments**		
	The Directors have authorised future fixed asset expenditure not provided for in these accounts, as follows:		
	Group		
	Contracted for	200	90
	Not contracted for	10	—
	Parent Company		
	Contracted for	5	—

9. Investments

All investments are quoted and the market values were:

	1978 £,000	1977 £,000
Group	574	558
Parent Company	573	556

10. Subsidiary Companies

The investment in Subsidiary Companies comprises:

	1978 £,000	1977 £,000
Shares		
At 31st December 1977	3,021	3,020
Cost of shares in additional Subsidiary Companies	—	1
	3,021	3,021
Amounts due on loan account	7,206	1,621
	10,827	6,142

This total together with the amount of £1,126,000 (1977 £2,374,000) receivable from Subsidiary Companies appearing in note 13 aggregates to £11,953,000 (1977 £7,516,000). The Subsidiary Companies, all of which were incorporated in England and operate in the United Kingdom, are listed on page 3. All of the Subsidiary Companies are wholly and directly owned by the Parent Company with the exception of Banner Building Society and Whittington Joinery Limited which are wholly owned by First National Housing Trust Limited and Rothervale Joinery Limited respectively. Retford Sheet Metal Limited has in issue both preference and ordinary shares. All other Subsidiary Companies have only one class of issued capital.

11 Deposits

These represent funds invested on a short term basis which mature in less than one year.

Notes to the Accounts (continued)

12. Group current assets

	1978 £,000	1977 £,000
Stocks and work in progress:		
Contracts in progress:		
Value of work completed	150,636	130,150
Less: Progress payments received	143,046	121,231
	7,590	8,919
Less: Provisions for additional losses to completion of contracts	1,102	–
	6,488	8,919
Raw material stocks	1,675	2,481
Manufacturing work in progress	731	922
Finished product stocks	973	1,041
	9,867	13,363
Land held for development	2,834	3,078
Receivables	4,272	3,514
Bank balances and cash	304	253
	17,277	20,208

In addition to the progress payments of £143,046,000 (1977 £121,231,000) received at the accounting date, further payments amounting to £3,019,000 (1977 £3,326,000) had been claimed and were receivable.

13. Parent Company current assets

	1978 £,000	1977 £,000
Amounts receivable from Subsidiary Companies in respect of taxation	693	1,878
Subsidiary Companies current accounts including dividends receivable	433	496
	1,126	2,374
Raw material stocks	12	–
Receivables	161	251
Bank balances and cash	–	57
	1,299	2,682

Included in receivables of the Parent Company and of the Group (note 12) is a £22,520 mortgage loan to a Director. This represents £24,000 advanced during the year less capital repayments.

14. Group current liabilities

	1978 £,000	1977 £,000
Payables	10,380	10,060
Advance corporation tax	63	249
Dividends: Preference	4	4
Ordinary proposed	–	355
	10,447	10,668

Notes to the Accounts (continued)

15. Parent Company current liabilities

	1978 £,000	1977 £,000
Payables	116	177
Advance corporation tax	63	240
Dividends: Preference	4	4
Ordinary proposed	–	365
	183	786

16. Share capital

	Authorised £,000	Issued and fully paid £,000
The share capital throughout the year was:		
Cumulative Preference Shares of £1 each	400	400
Ordinary Shares of 50p each	3,200	2,664
	3,600	3,064

17. Group reserves

	£,000	£,000
Capital reserves:		
Throughout the year		210
Retained profit:		
At beginning of year	10,045	
Retained loss for year	(1,868)	
		8,177
		8,387

18. Parent Company reserves

Capital reserves:		
Throughout the year		404
Retained profit:		
At beginning of year	3,196	
Retained profit for year	1,539	
Dividends from Subsidiary Companies out of prior years' profits	3,000	
		7,735
		8,139

Notes to the Accounts (continued)

19. Group deferred taxation

	1978 £,000	1977 £,000
The amount comprises:		
Corporation tax on the excess of the book value of fixed assets qualifying for taxation allowances over their value for taxation purposes	975	904
Corporation tax on the excess of cost of freehold reversions over market value agreed for taxation purposes	75	81
Corporation tax attributable to stock increase relief	3,873	4,663
Corporation tax attributable to interest receivable	4	8
Advance corporation tax recoverable	(986)	(938)
Relief for losses available against future taxation liabilities	(1,229)	-
	2,712	4,718

20. Parent Company deferred taxation

	1978 £,000	1977 £,000
The amount comprises:		
Corporation tax on the excess of the book value of fixed assets qualifying for taxation allowances over their value for taxation purposes	285	305
Corporation tax attributable to stock increase relief surrendered by Subsidiary Companies	1,916	2,639
Corporation tax attributable to interest receivable	4	7
Advance corporation tax recoverable	(986)	(938)
	1,219	2,013

The above amount of £285,000 (1977 £305,000) includes £270,000 (1977 £275,000) which relates to deferred taxation provisions for certain Subsidiary Companies having insufficient funds to create those provisions.

21. Other finance

	1978 £,000	1977 £,000
Repayment date exceeding five years:		
Deferred payment terms on the purchase of land held for development secured by way of mortgage with repayment by twelve equal annual instalments commencing 1st January 1979 and interest payable quarterly at 1% above Midland Bank Limited base rate	447	447
Loan on mortgage secured on certain freehold land and buildings with capital repayment over eleven years and interest at a varying rate approximating to 14% per annum	64	67
	511	514
Repayment date in less than five years, including £80,000 secured (1977 nil)	180	350
	691	864

22. Guarantees

The Parent Company has guaranteed the performance of certain contracts undertaken by Subsidiary Companies in the ordinary course of business. The Parent Company has also guaranteed overdraft facilities of £400,000 granted by the bank to two Subsidiary Companies. No claims have arisen under those guarantees.

Group Funds Statement
for the year ended 31st December 1978

	1978		1977	
	£,000	£,000	£,000	£,000
Movement of funds				
Profit (loss) before taxation		(3,695)		2,013
Adjustment for depreciation		1,007		894
Profit on sale of fixed assets		(100)		(80)
Amount written off rented properties		—		5
Arising from trading operations		(2,728)		2,832
Application of funds				
Taxation paid less recovered		125		344
Dividends paid		485		441
Net expenditure on fixed assets and rented properties		1,516		1,208
Net increase (decrease) in advances on mortgage		(156)		177
Decrease in long-term borrowing		3		1
Decrease in investments and deposits		(1,034)		(2,740)
Cost of shares in additional Subsidiary Companies		—		1
Increase (decrease) in working capital:				
Increase (decrease) in stocks and work in progress	(3,496)		4,780	
Increase (decrease) in land held for development	(244)		234	
Increase in receivables excluding taxation	868		410	
Increase in payables	(320)		(2,949)	
		(3,192)		2,475
		(2,253)		1,907
Decrease (increase) in net short-term borrowing:				
Decrease (increase) in bank overdraft	(696)		1,286	
Increase (decrease) in bank balances and cash	51		(11)	
Decrease (increase) in other finance	170		(350)	
		(475)		925
		(2,728)		2,832

Group Five-year Summary

	1978 £,000	1977 £,000	1976 £,000	1975 £,000	1974 £,000
DATA					
Turnover	77,067	70,966	57,017	47,136	31,951
Profit (loss) before interest and taxation	(3,547)	2,181	2,676	2,653	2,067
Profit (loss) before taxation	(3,695)	2,013	2,531	2,546	1,968
Earnings (loss) for equity	(1,765)	952	1,186	1,154	947
Ordinary dividend	133	488	437	398	346
Ordinary shareholding	2,654	2,654	2,654	2,654	2,654
Total net assets	16,321	19,672	19,381	16,120	13,601
FACTORS					
Earnings (loss) per share	(33.1p)	17.9p	22.3p	21.7p	17.8p
Profit return on net assets	—	11.1%	13.8%	16.5%	15.2%
Equity dividend cover	—	2.0	2.7	2.9	2.7

Locations and Directorates

HENRY BOOT & SONS LIMITED
Directors: E. H. Boot, O.B.E., M.M. (Chairman and Joint Managing) : D. H. Boot (Deputy Chairman and Joint Managing) : S. M. Reis : J. F. Turner : R. East : D. A. Tucker : D. H. Woolf
Group and Registered Office:
Banner Cross Hall, Sheffield, S11 9PD
Telephone: Sheffield 54331 (STD 0742)
(also the Registered Office of each of the Subsidiary Companies named below)

CONSTRUCTION

HENRY BOOT CONSTRUCTION LIMITED
Directors: E. H. Boot, O.B.E., M.M. (Chairman) : D. H. Woolf (Managing) : J. F. Cheshire : J. C. Boland : A. Duncan : D. W. Edwards : J. T. Atkin : D. Greaves : D. H. Boot : C. Brooks
Head Office:
Dronfield, Sheffield, S18 6XN
Telephone: Dronfield 410111 (STD 0246) Telex: 547079
London Office:
10 The Boltons, London, SW10 9TD
Telephone: 01-373 8494 Telex: 916653
Central Divisional Office:
Dronfield, Sheffield, S18 6XN
Telephone: Dronfield 410111 (STD 0246) Telex: 547079
Scottish Divisional Office:
Garrowhill, Baillieston, Glasgow, G69 6EY
Telephone: 041-773 2121 Telex: 779003
Southern Divisional Office:
Castle Street, High Wycombe, Buckinghamshire, HP13 6RE
Telephone: High Wycombe 443711 (STD 0494) Telex: 837209

HENRY BOOT & SONS (CIVIL ENGINEERING) LIMITED
Directors: D. H. Woolf (Chairman) : E. H. Boot, O.B.E., M.M. (Deputy Chairman) : D. H. S. MacArthur (Managing) : D. H. Boot : A. Duncan
Head Office:
Dronfield, Sheffield, S18 6XN
Telephone: Dronfield 410111 (STD 0246) Telex: 547079
London Office:
10 The Boltons, London, SW10 9TD
Telephone: 01-373 8494 Telex: 916653

DEVELOPMENT

HENRY BOOT DEVELOPMENTS LIMITED
Directors: E. H. Boot, O.B.E., M.M. (Chairman) : D. H. Boot
General Manager: M. E. Mountain
Head Office:
Storforth Lane, Chesterfield, S40 2TX
Telephone: Chesterfield 37111 (STD 0246)

HOMES

HENRY BOOT HOMES LIMITED
Directors: E. H. Boot, O.B.E., M.M. (Chairman) : D. H. Boot
General Manager: M. J. King
Head Office:
Storforth Lane, Chesterfield, S40 2TX
Telephone: Chesterfield 37111 (STD 0246)

Locations and Directorates (continued)

ENGINEERING

HENRY BOOT ENGINEERING LIMITED
Directors: D. H. Boot (Chairman) : E. H. Boot, O.B.E., M.M. (Deputy Chairman) : A. Duncan (Managing) : G. A. Jarrett : E. Allison : D. H. S. MacArthur

Head Office and General Engineering Division, Dronfield:
Dronfield, Sheffield, S18 6XZ
Telephone: Dronfield 414615 (STD 0246)

General Engineering Division, Darlington:
Montrose Street, Haughton Road, Darlington, Co. Durham, DL1 1JT
Telephone: Darlington 65021 (STD 0325)

Railway Contracting Division:
Dronfield, Sheffield, S18 6XZ
Telephone: Dronfield 414615 (STD 0246)

FOUNDRY

HENRY BOOT FOUNDRY LIMITED
Directors: D. H. Boot (Chairman) : E. H. Boot, O.B.E., M.M. : D. A. Tucker : N. Gledhill : J. W. Rhodes : D. R. Shipley : P. F. Winters

Castlefields Foundry, Bingley, West Yorkshire, BD16 2AQ
Telephone: Bingley 69211 (STD 09766)

JOINERY

ROTHERVALE JOINERY LIMITED
Directors: D. H. Boot (Chairman) : R. East (Managing) : E. H. Boot, O.B.E., M.M. : G. Nelson : J. W. Nixon : D. Grundill

ROTHERVALE TRADING LIMITED
Directors: D. H. Boot (Chairman) : R. Allen (Managing) : R. East : E. H. Boot, O.B.E., M.M.

Head Office and Works:
Woodhouse Mill, Sheffield, S13 9WH
Telephone: Sheffield 693291 (STD 0742) Telex: 54332

Rothervale Joinery Centres:

Coldhams Road, Cambridge, CB1 3EW
Telephone: Cambridge 42100 (STD 0223)

Cooke Road, Gisleham Industrial Estate, Lowestoft, Suffolk, NR33 7NA
Telephone: Lowestoft 63388 (STD 0502)

Diplocks Way, Hailsham, Sussex, BN27 3JF
Telephone: Hailsham 841181 (STD 0323)

Fakenham Industrial Estate, Norwich Road, Fakenham, Norfolk, NR21 8LX
Telephone: Fakenham 3003 (STD 0328)

Hawksworth Industrial Estate, Swindon, Wiltshire, SN2 1DZ
Telephone: Swindon 44566 (STD 0793)

Hudswell Road, Jack Lane, Leeds, LS10 1AG
Telephone: Leeds 453881 (STD 0532)

Lancaster Road, Harlescott, Shrewsbury, SY1 3LG
Telephone: Shrewsbury 67871 (STD 0743)

Pelsall Road, Brownhills, WS8 7HN
Telephone: Brownhills 77790 (STD 054 33)

Preston Guild Estate, Ribbleton Lane, Preston, Lancashire, PR1 5DP
Telephone: Preston 797800 (STD 0772)

Station Road, Old Whittington, Chesterfield, S41 9EU
Telephone: Chesterfield 450324 (STD 0246)

Sunny Bank, South Norwood, London, SE25 4TE
Telephone: 01-654 2227

Windsor Industrial Estate, 424 Ware Road, Hertford, SG13 7EW
Telephone: Hertford 59408 (STD 0992)

Woodhouse Mill, Sheffield, S13 9WH
Telephone: Sheffield 696957 (STD 0742)

Locations and Directorates (continued)

PLANT

BANNER PLANT LIMITED
Directors: D. H. Boot (Chairman) : B. Bailey (Managing) : E. H. Boot, O.B.E., M.M.

BANNER SCAFFOLDING LIMITED
Directors: D. H. Boot (Chairman) : B. Bailey (Managing) : E. H. Boot, O.B.E., M.M.

Head Office and Depot:
Dronfield, Sheffield, S18 6XS
Telephone: Dronfield 415571 (STD 0240)

Derby Depot:
Roman Road, Chester Green, Derby, DE1 3RX
Telephone: Derby 360327 (STD 0332)

PROPERTY

FIRST NATIONAL HOUSING TRUST LIMITED
Directors: E. H. Boot, O.B.E., M.M. (Chairman) : D. H. Boot : S. M. Reis
General Manager: A. D. Glossop

HENRY BOOT ESTATES LIMITED
Directors: E. H. Boot, O.B.E., M.M. (Chairman) : D. H. Boot : S. M. Reis
General Manager: A. D. Glossop

Head Office:
Frecheville House, Birley Moor Road, Sheffield, S12 4WD
Telephone: Sheffield 651521 (STD 0742)

London Office:
10 The Boltons, London, SW10 9TD
Telephone: 01-373 8494

Birmingham Office:
Pheasey House, Farrier Road, Birmingham, B43 7NJ
Telephone: 021-360 8228

AGRICULTURAL EQUIPMENT

RETFORD SHEET METAL LIMITED
Directors: D. H. Boot (Chairman) : D. A. Tucker (Managing) : E. H. Boot, O.B.E., M.M.

Head Office and Works:
Hallcroft Road, Retford, Nottinghamshire, DN22 7PZ
Telephone: Retford 703721 (STD 0777)

LEISURE

THORNBRIDGE SQUASH LIMITED
Directors: D. H. Boot (Chairman) : E. H. Boot, O.B.E., M.M.
General Manager: S. D. Roberts

Squash Clubs:

Undercliffe Road, Bradford, West Yorkshire, BD2 3BN
Telephone: Bradford 632724 (STD 0274)

Relief Slip Road, Windsor, Berkshire, SL4 5AP
Telephone: Windsor 57337 (STD 075 35)

FINANCE

BANNER BUILDING SOCIETY
Directors: E. H. Boot, O.B.E., M.M. (Chairman) : A. D. Glossop (also Secretary) : S. M. Reis : D. H. Boot

Administration Office:
Frecheville House, Birley Moor Road, Sheffield, S12 4WD
Telephone: Sheffield 651521 (STD 0742)

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Henry Boot

Group of Companies

Statement by the Chairman

The year under review has been one without precedent in the history of Henry Boot & Sons Limited. The loss stated in the Interim Report for the half year ended 30th June 1978 considerably worsened in the second half of the year. It is, therefore, with much regret and disappointment that I have to report an end of the year loss of £3.7m.

The main cause of the set-back was the inability of the Construction Activity to contain the loss-making trend initially brought about by the declining fortunes of its Building Division, primarily in respect of the Local Authority housing contracts to which I made reference in my 1977 Statement. I am bound to state that the increased responsibility vested in executive management of the Activity was not matched by the high degree of performance expected of them. There was not maintained the traditionally conservative Henry Boot management view of the valuation of work in progress and there had arisen, during the first half of 1978, instances where the principle of not taking into account claims until they are settled and paid had been disregarded. Another contributory factor was low profit margins on increasing turnover during a period of reduced activity in the construction industry and the consequent intensification of competition.

All these shortcomings have been identified. Positive and speedy action has been taken to rectify them by the re-organisation to which I refer below, the replacement of certain senior management and the insistence upon a greater sense of realism and strict control. Full provision has been made in the 1978 Accounts for all losses known and anticipated and vigorous action has been and is being taken to identify claims and to ensure that maximum recoveries are secured.

There is little doubt that the action taken has had an additional restraining effect, but I am satisfied that in 1979 the Company started with a sound base leading to modest growth and with an acceptable level of profitability.

Construction

The preceding part of this Statement has dealt at some length with this Activity. During May 1979 there will be completed the separation of the management of the building and civil engineering operations through the transfer of the latter to Henry Boot & Sons (Civil Engineering) Limited. It is intended that this Company shall change its name to Henry Boot Civil Engineering Limited when the present industrial dispute affecting the Registry of Companies is settled and normal registration procedures are resumed.

Re-organisation of the Activity which has involved reduction of the building operations to three divisions and the action described above are designed to improve the performance and accountability of management at all levels and to lead to the restoration of satisfactory financial results. It is also designed to continue the re-direction, commenced during late 1978, of resources into management contracting ensuring that the building and civil engineering capability and expertise of managerial and technical staff is channelled into the provision of a first-rate service to the increasing number of clients who recognise the benefits of management contracting.

There exists a realistic expectation that the results for 1979 will show a modest profit from the building and civil engineering operations. The first quarter of 1979 has already indicated a general all-round improvement. In spite of the extraordinarily bad winter, the Activity is recovering and is now running at a level in line with forecast. The large Hong Kong contract is maintaining efficient and profitable progress.

Henry Boot Construction Limited is benefiting from the expertise and proven record of its Managing Director, appointed in June 1978, particularly in the specialist field of management contracting. Henry Boot & Sons (Civil Engineering) Limited will also benefit from the expertise of its recently appointed Managing Director who has a proven record of achieving profitable results during a period of some fourteen years as the Managing Director of a well-known civil engineering company. Your Board has confidence in their ability and resolution to direct and motivate management and staff to achieve the high levels of performance of which they are capable.

Engineering

1978 was another year of stabilisation and of modest profitability in the United Kingdom and the overseas markets.

A contract in Lagos for the Nigerian Port Authority was successfully completed. The results of tenders submitted for various railway track laying contracts overseas are awaited. It is confidently expected that Henry Boot Engineering Limited, which it is intended shall change its name to Henry Boot Railway Engineering Limited, will shortly be working in Africa and the Middle East.

On the supply only side of this Activity, we continue to receive orders from British Rail, British Steel Corporation, National Coal Board and many private siding owners, also from established and prospective clients in Sudan, Nigeria, Jordan and Hong Kong. Many opportunities exist for railway engineering work particularly in the overseas market.

A new Managing Director, from within the Group, has been appointed to lead the Activity in the stead of Mr. D. H. Boot to whom I refer later in this Statement. For the past six years the new Managing Director has been responsible for the Civil Engineering Division of the Construction Activity and has been directly responsible for the successful large Hong Kong contract to which I have already made reference.

I view the future of this Activity with continued confidence and anticipate that it will make an increasing contribution to Group profits.

Foundry

This Activity completed a satisfactory year with increased turnover and profit.

Notwithstanding the excessively inclement weather and the transport strike encountered during the first three months of 1979, a break-even position has been maintained. The order book is running at a satisfactory lev' and an acceptable profit is expected for the whole year.

Joinery

The profitability of this Activity is increasing. A large portion of the contribution made by Rothervale Joinery Centres has been re-invested in the business to finance the equipping and stocking of eight new Centres which commenced to trade during 1978.

It is planned to establish more Centres during 1979, to improve the efficiency of production through further standardisation of the product range and to continue to pursue a policy of vigorous marketing. Production efficiency is also benefiting from the strengthening of management and improved marketing, from higher quality and more sophisticated products and from improved factory finishing as a result of the continuing programme of equipping the factory with the most modern machinery available.

In spite of the constraints imposed by the recent transport strike, the hard winter and some temporary shortages of materials the Activity is maintaining growth in line with budget. Demand for its products has remained good.

We can look forward with confidence to increasing recognition of Rothervale as a leading manufacturer and distributor of quality joinery products.

Plant

The commercial plant hire and scaffolding operations within the Activity (as distinct from plant and scaffolding directly owned and operated by the Construction Activity) continued to

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increase their turnover and profitability throughout 1978. This was achieved in spite of the continued presence of difficult trading conditions in the traditional field of operations within the construction industry. The policy adopted, some three years ago, of gradually moving away from total dependence upon this specialist and sometimes recessional industry towards the provision of services geared to the general requirements of the areas in which our two depots are located is now seen to have been justified. Whilst not abandoning traditional services to the construction industry, in which it is still envisaged that the inflationary cost of replacement items will continue to result in unrealistic hire rates, it is proposed to continue the diversification already commenced. Within these capital intensive operations in which Government manipulated increases in high interest rates invariably tend to absorb the achievable profit margins on new items of plant it is, nevertheless, expected that the plant and scaffolding operations will remain profitable in 1979.

Property, Development and Leisure

During 1978 the management of investment property, of property development and of the leisure interests were separated by the transfer of property development to Henry Boot Developments Limited and of the leisure interests to Thornbridge Squash Limited. Both companies commenced to trade on the 1st January 1979. This re-structuring is proving beneficial.

Agricultural Equipment

This Activity experienced a very difficult year and was severely hampered by low demand for its traditional products. To counter this, the product range has been widened and considerable effort has been made to strengthen the marketing and sales capability. The distribution of the products manufactured by the Activity and of the products of other manufacturers, together with imported equipment, is now under review. 1979 will be another year of transition.

Finance

A very satisfactory year was completed by Banner Building Society. The demand for mortgages remained strong.

Homes

During 1978 the management of the Homes Division of the Construction Activity was transferred to Henry Boot Homes Limited, a company which commenced to trade on the 1st January 1979.

The Activity sold over 400 dwellings and made a satisfactory profit in 1978. Our land bank is adequate for the foreseeable future.

Sales of dwellings in the first three months of 1979 suffered from the hard winter and consequent delayed completions. However, deposits taken in that period exceeded expectations and there is every indication that the sales and profit budgets for 1979 will be achieved.

Directors

Mr. D. H. Boot (Deputy Chairman) was appointed Joint Managing Director of Henry Boot & Sons Limited with effect from 14th November 1978 and consequent upon the appointment of the new Managing Director of Henry Boot Engineering Limited, which I referred to above, will share with me the full time management of Group affairs.

Mr. D. H. Woolf, the Managing Director of Henry Boot Construction Limited, was appointed a Director of Henry Boot & Sons Limited with effect from 1st December 1978.

Mr. J. B. Parkinson ceased to hold office as a Director and ipso facto as Joint Managing Director on 1st November 1978.

General

Having struck a sombre note in the opening paragraph of this Statement and recognising the impact of the depressing results for 1978 upon Members and that during the second half of 1977 and the whole of 1978 the Construction Activity passed through a very difficult period, I must convey to Members the view of the Board of Directors of Henry Boot & Sons Limited that we have "bottomed out".

With the managerial and organisational changes made, coupled with our solid asset base, it is expected that during 1979 there will be significant improvement in the fortunes of the Group.

Your Directors, management and staff remain resolute in their determination to put the immediate troubles behind them and to redouble their efforts to recover losses wherever possible.

I am also grateful to Barclays Bank Limited, who have shown their confidence in your Company by agreeing to increase our overdraft facilities, at the same rate of interest. I believe we shall not need to take up this very generous additional facility since our cash flow continues to keep well within our present facility. This gesture, on behalf of our Bankers, is most reassuring.

In conclusion, my co-Directors and I would like to express our sincere appreciation to our staff, the real capital of any business. Their loyalty and effort, particularly in troubled times, is most heartening. I am sure that their integrity and honest endeavour will be an important contribution to the successful future of the Henry Boot Group.

2nd May 1979