NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause

04-09-90

RENOLIT

ANNUAL REPORT 1990

"The results for the year are in line with our expectations, and represent a further improvement in the performance of the Group.

Whilst considerable attention is still being given to improving short term profitability, the Group is now making major investments in modern production facilities. The Board is confident this will lead to long term profitable growth."

PETER FROST

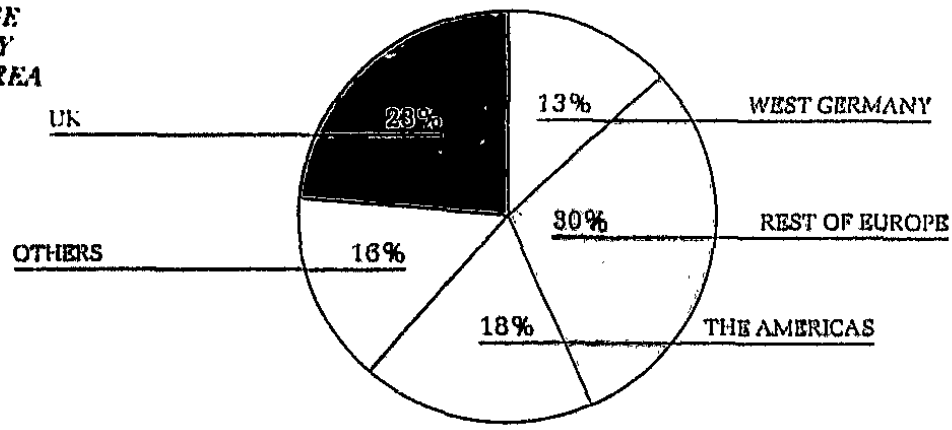
Renold PLC is an international engineering group, producing a wide range of high quality engineering products, and owning manufacturing and merchanting operations in seventeen countries.

The Group's principal products include transmission and conveyor chains; gearboxes and mechanical variable speed drives; clutches, couplings and spindles; specialist machine tools and compressor rotors.

FINANCIAL HIGHLIGHTS

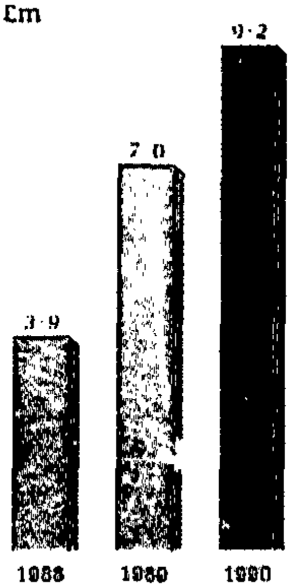
£m	1990	1989	Change %
Turnover	148·3	145·4	+2
Trading profit	10·2	9·5	+7
Profit before exceptional credit and tax	9·2	7·0	+31
Earnings per share (excluding exceptional credit)	10·6p	8·2p	+29
Dividend per share	3·7p	2·8p	+32
Capital expenditure	9·2	3·9	+136
Gearing	NIL	22%	– 22 points

PERCENTAGE OF SALES BY MARKET AREA



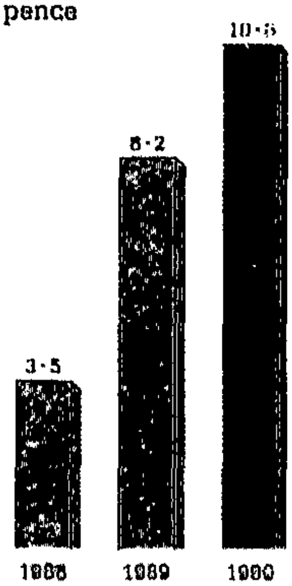
PROFIT before exceptional credit and tax

£m



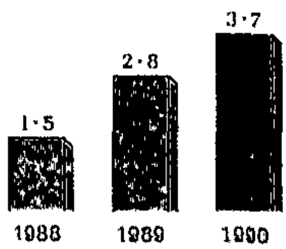
EARNINGS per share excluding exceptional credit

pence



DIVIDEND per share

pence



GROUP FIVE YEAR FINANCIAL REVIEW

PROFIT AND LOSS ACCOUNT

£m	1990	1989	1988	1987	1986
Turnover	148·3	145·4	131·5	128·4	129·9
Trading profit	10·2	9·5	7·0	3·4	10·0
Profit before exceptional credit and tax	9·2	7·0	3·9	0·1	6·3
Profit on ordinary activities before tax	9·5	7·2	3·9	0·1	7·6
Extraordinary credit (charge)	2·3	0·3	(0·9)	(2·9)	
Profit (loss) for ordinary shareholders	9·5	6·0	1·4	(4·8)	5·2

BALANCE SHEET

£m	1990	1989	1988	1987	1986
Fixed assets	33·5	30·9	34·3	36·9	34·7
Stocks	33·3	36·1	43·8	45·1	47·0
Debtors	38·2	32·9	32·1	32·9	32·8
Creditors	(34·5)	(30·5)	(31·6)	(29·4)	(27·6)
Trading assets	70·5	69·4	78·6	85·5	86·9
Net borrowings	(0·2)	(11·1)	(25·6)	(31·1)	(29·5)
Provisions for rationalisation costs	(3·7)	(1·8)	(1·3)	(0·8)	(0·6)
Provisions for liabilities and charges	(7·4)	(5·8)	(5·6)	(5·4)	(4·3)
Net assets	59·2	50·7	46·1	48·2	52·5

KEY DATA

		1990	1989	1988	1987	1986
Trading return on trading assets	%	14·5	13·7	8·9	4·0	11·5
Trading profit on turnover	%	6·9	6·5	5·3	2·6	7·7
Gearing	%	—	22	57	66	57
Earnings (loss) per share						
— including exceptional credit	p	11·0	8·8	3·5	(3·0)	8·0
— excluding exceptional credit	p	10·6	8·2	3·5	(3·0)	6·0
Ordinary dividend per share	p	3·7	2·8	1·5	1·3	2·0
Employees at 31 March		3,691	3,991	4,329	4,373	4,795

CHAIRMAN'S STATEMENT

In the year to 31 March 1990 profit before tax (and an exceptional credit of £0·3 million) rose to £9·2 million from £7·0 million in the previous year, an increase of 31%. Earnings per share rose from 8·2p to 10·6p (excluding exceptional credit) and the Board is recommending payment of a final dividend of 2·5p per share which, together with the interim dividend of 1·2p per share paid on 26 January 1990, makes 3·7p per share for the year, representing an increase of 32% over the 2·8p per share paid in respect of 1988/9.

The results for the year are in line with our expectations, and represent a further improvement in the performance of the Group. Sales volumes have shown little overall increase. However, there has been encouraging growth in a number of areas, including chain in Germany, newly launched gear products and rotors, whilst some unprofitable factored products have been discontinued. The increase in profits reflects benefits from improved margin management and cost reductions, particularly in the merchanting operations. The latter part of the year has borne costs of forming a single integrated Chain business, which will continue during the current year. Interest costs have been markedly reduced by the disposal of surplus assets and tighter management of working capital.

Manesty Machines, the pharmaceutical equipment business, was sold in February 1990, since it was outside the Group's mainstream activities. This allows management efforts and resources to be concentrated wholly on our Chain and Gears businesses, whilst the proceeds have enabled the Group to enter the new financial year with negligible net borrowings.

During the development of the strategy to integrate the hitherto separate Chain businesses into a cohesive single business, the Group has identified greater opportunities than at first envisaged for organic growth of the business through lower cost manufacturing and more focused marketing. This summer will see the move to the new Stockport factory, which will have a modern flow-line layout, with major investment in high speed production equipment. This will be followed by a progressive modernisation of the other chain factories over the next two years. At the same time, the co-ordination of supply and demand between the factories and the sales companies is being restructured to provide a more responsive service to our customers. In the UK-based Gears operations, a similar approach is being taken to establishing a long term strategy, and the first steps will be taken this year with the relocation of the Cardiff clutches and couplings unit to a modern factory, and further investment in the successful Machine Tools & Rotors business.

Whilst considerable attention is still being given to improving short term profitability, the Group is now making major investments in modern production facilities. The Board is confident this will lead to long term profitable growth.

Mr J W Shield, who is in his seventieth year, will not be seeking re-election at the forthcoming Annual General Meeting. Bill has served as a non-executive director for eight years and I thank him for his valued and knowledgeable contribution to the business during a difficult period in the Group's history.

EMPLOYEES

The steady improvement of the Group's performance is the result of the hard work and dedication of the executive team, managers and staff throughout the worldwide Renold organisation, and their efforts are fully appreciated.

PROSPECTS

Whilst the general UK economic environment is weaker than of late, many of the overseas markets in which we operate are still strong.

The Group has significant change to manage in the current year, including factory moves and heavy investment in new manufacturing equipment. At the same time, we shall continue to implement the plans outlined in the Chief Executive's Review to strengthen considerably the Group's competitive position for the future. Meanwhile, benefits will continue to be realised from the many improvements made to the business over the last three years. Group gearing will remain low, with continuing emphasis on tight working capital control.

It is the Board's aim to pursue a progressive dividend policy which will reflect the actual year's performance and take account of expected future prospects.

PETER FROST

DIRECTORS AND OFFICERS

CHAIRMAN

J P Frost
was appointed to the Board in June 1984 and became non-Executive Chairman in October 1986. He is also Chairman of The Hopkinsons Group PLC and Volex Group plc.

EXECUTIVE DIRECTORS

T C Grice *CHIEF EXECUTIVE*

J H B Allan *FINANCE DIRECTOR*

D A Martin *GEARS DIVISION*

C S Wood *CHAIN DIVISION*

NON-EXECUTIVE DIRECTORS

A M Reid
was appointed to the Board in July 1983. He is also a Director of Trade Indemnity Group PLC and Bristol Development Corporation, and formerly Chairman and Chief Executive of Imperial Tobacco Limited.

J W Shield
was appointed to the Board in September 1982. He is also a Director of Lloyds Bank plc, South East Regional Board, and formerly Financial Director of Lucas Industries plc.

R G J Telfer CBE
was appointed to the Board in October 1984. He is also Chairman of BSI Standards, a Director of Volex Group plc and formerly the Director of Manchester Business School.

COMPANY SECRETARY

S Harrison

REGISTERED OFFICE

Renold House, Styal Road, Wythenshawe, Manchester M22 5WL
Registered No. 249688 Telephone: 061 437 5221 Fax: 061 437 7782

AUDITORS

Price Waterhouse, Manchester

MERCHANT BANKERS

J Henry Schroder Wagg & Co Limited

STOCKBROKERS

Rowe & Pitman

SOLICITORS

Linklaters & Paines
Davies Wallis Foyster

CHIEF EXECUTIVE'S REVIEW

GROUP RESULTS

The results for the year show continuing profit growth and further strengthening of the Group balance sheet. The increase in profit marks another step towards the level required to provide a satisfactory return to shareholders.

Turnover for the year rose to £148·3 million from £145·4 million in 1988/9, representing an increase of 4%, after adjusting for businesses discontinued during the year and for currency fluctuations. Trading profit amounted to £10·2 million, a gain of 19% after eliminating the contribution from the Manesty Machines business which was sold during the year. This result gave a margin on turnover of 6·9% and provided a return on trading assets of 14·5%.

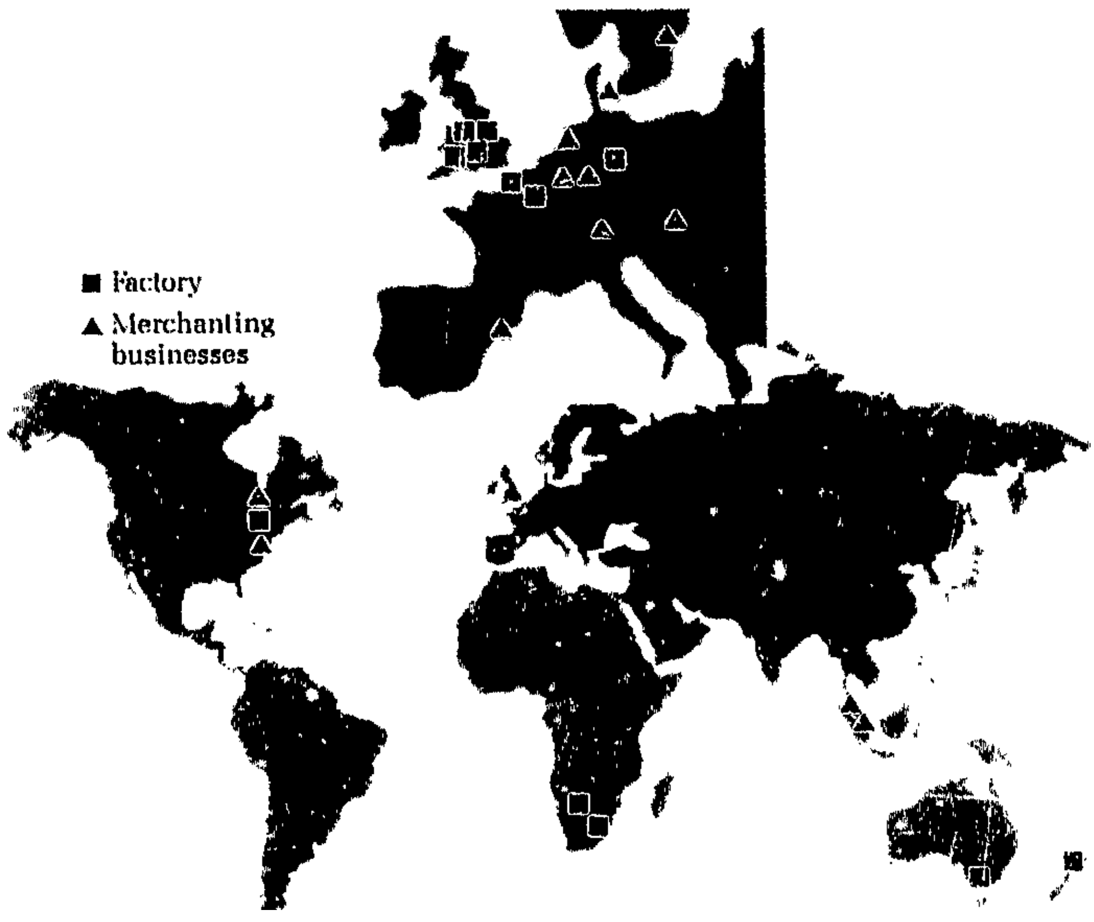
After interest costs down from £2·5 million to £1·0 million, reflecting the benefit of asset sales and tight control of working capital, profit before tax (and an exceptional credit of £0·3 million) was £9·2 million, 31% up on 1988/9.

The exceptional credit of £0·3 million consists of profit on sale of properties, £4·3 million, offset by the cost of actions already begun to restructure certain manufacturing and merchanting businesses, £4·0 million.

Profit, after a tax charge of £2·3 million, was £7·2 million, an increase of 26% over the previous year. The profit on the sale of Manesty Machines has been included in the extraordinary credit of £2·3 million.

Capital investment increased from £3·9 million to £9·2 million. Despite this, net borrowings fell from £11·1 million to £0·2 million, due largely to the effect of the sale of Manesty Machines, £8·3 million, and also to continuing emphasis on cash management. Shareholders' funds have increased to £59·2 million, and with the Group now having virtually no gearing, this provides a sound base from which to finance the planned major investment in modern manufacturing facilities.

RENOLD WORLDWIDE OPERATIONS



CHAIN DIVISION

Strong demand for chain was maintained in the Group's major markets, particularly Germany and France, but the factories were restricted by constraints on capacity, and the business was accordingly unable to take full advantage of the opportunities in the market place. Additional manufacturing capacity is a key element of our investment plans.

The disruption caused by the fire at the Manchester transmission chain factory in late 1988, together with the long term decision not to rebuild on that site but to relocate the factory in modern premises at Stockport during 1990, had an adverse effect on delivery performance and led to higher operating costs. The French factory started the year well, but ran into production difficulties arising from the introduction of a new timing chain for a major US automobile manufacturer. Delivery dates were met on this and other automotive contracts, but at the expense of standard transmission chain output and with additional manning costs. In contrast, the German factory increased production significantly to keep pace with demand and overall exceeded our best expectations for the year. The conveyor chain factory at Burton again achieved a good result

The Chain operation had, in the past, been managed as separate businesses operating on six sites. These businesses independently developed, manufactured and marketed product, causing product proliferation and excess manufacturing costs in unfocused factories, resulting in inadequate customer service. To address these issues, the principal Chain operations are being reorganised into a single business with an integrated management structure, and the small Anchor Chain business has been closed and production reallocated. The new organisation structure came into being in early 1990 with the appointment of an experienced business team under the leadership of Chris Wood.

The sales operations in the UK, France and Germany, which were formerly controlled by the local factories, are being separated physically and functionally, and this task will be completed during 1990. The opening of an International Distribution Centre on the new Stockport site, in the summer of 1990, will complete the supply demand link between separate national sales companies and the factories. This organisation will allow consolidated orders to be placed on the factories to give smoothed production schedules.

A radical manufacturing strategy has been developed to allocate specific products to each factory, which progressively will be equipped with advanced manufacturing plant. This will lead to reductions in manufacturing costs, to a level believed to be below our best competitors, improved delivery performance and shorter lead times. It will also provide the capacity to grow the business significantly in the future. Major investment will be committed to this plan and to the introduction of new manufacturing technology over the next two to three years. The prerequisite for the success of this strategy is the completion of the new Stockport factory which will be operational in the second half of this year. This will initiate the process of consolidating product types and rationalising chain components, in order to gain full benefit from the investment, and will be followed by similar transfers of product between the German and French factories over the next two years.

Our chain factories are well situated to benefit from the single European Market in 1992 and, in addition, the German manufacturing facility is located close to the East German border, well placed to take advantage of opportunities likely to arise through the unification of Germany.

GEARS DIVISION

Overall progress continued in the UK Gears business. At Bradford, the benefits from the previous year's manning and cost restructuring exceeded expectations and the business returned to respectable levels of profitability. Efforts are now being concentrated on product development and customer service improvements. An innovative new product aimed at international markets is at the advanced prototype stage and should provide useful growth in manufacturing volume in future years.

At Milnrow, sales volumes were up, with the newly launched Powermaster and Junior Powermaster ranges being well received by the market, but profitability fell short of expectations as sub-contract costs increased. These costs are now being greatly reduced by new CNC case machining capacity coming on stream. With the two new ranges successfully launched, the most significant development at Milnrow this year will be the installation of a new production planning system, which should reduce lead times and further improve delivery performance.

The Cardiff based clutches, couplings and wheels factory was transferred from the Chain Division in September 1989 to become part of the UK Gears business. The clutches and couplings operation is being relocated to a new purpose built factory under construction in the Cardiff area, housing separate manufacturing cells for these products, which will bring considerable benefits in reduced product costs, lower lead times and better service. This £2·7 million investment will be completed by the end of the current financial year. Production of chain wheels will be transferred to the new Chain factory at Stockport, where they will form part of the Chain product range.

Separate French and German selling subsidiaries under UK Gears management continue to increase sales of Group gear products. Whilst at this stage both are small in terms of their national markets, they will benefit from new product developments and improved service from the UK factories.

The improved performance expected from the United States business was achieved and the skills of the new management team at Renold Inc were well demonstrated by overcoming the loss, early in the year, of a major gear contract. By redirecting sales and manufacturing resources, the sales shortfall was nearly eliminated and, more importantly, profits were ahead of plan and substantially above the previous year. We expect to see further progress during the coming year.

Holroyd Machine Tools & Rotors had a further excellent year with major machine deliveries to Japan, West Germany and the USA. Machine tool developments are the key to maintaining the business as the world leader in rotor manufacturing technology. A new range of CNC controlled profile milling and cutter grinding machines has been well received by the market. Development work is continuing to add new designs to the range of equipment for milling rotors for screw compressors used in air conditioning and refrigeration, and for superchargers. Rotor sales expanded at a substantial rate, and additional manufacturing capacity was installed to support this growth.

Despite reasonable market conditions, the South African business had a disappointing year and recorded a small loss. Output from the Benoni (Johannesburg) gear factory was affected by repeated equipment breakdowns resulting in considerable disruption and cost. Key machines have now been overhauled, and modest levels of capital expenditure committed to ensure reliable operations. The business is being reorganised by concentrating all manufacturing on the Benoni site, following the disposal of the factory and offices at Pietermaritzburg.

OVERSEAS MERCHANTS

The benefits expected from the restructuring carried out in the previous year were duly achieved, with all but one of the fifteen merchanting businesses reporting higher profits. There were particularly good performances in North America, Austria, Benelux and Switzerland, each of which made substantial profit gains over the previous year.

Renold Australia, which has a significant local manufacturing operation, had an excellent year, with profits more than doubling from higher sales, margin improvement and tight cost control. With the Australian economy now widely expected to enter recession, a year of standstill in growth is expected. However, further internal improvements are planned, particularly for the local manufacture of timing chains, to achieve the gains already realised in conveyor chain and wheel manufacture.

Consistent with the focus on the Group's two core business areas, the overseas merchants have now been incorporated into the Divisional structure, with the two merchanting businesses in North America placed under the direction of the President of Renold Inc to form an integrated North American operation.

THE GROUP

Last year saw the establishment of a strategic plan for the long term development of our Chain business and the first phase of the implementation process which will continue over the next two years. Unlike Chain, our UK based Gears business is a relatively small player in the world gears market and we need to identify a clear path to achieve profitable growth in this competitive market. In the current year, with this business now achieving stable profits, we are developing a strategic plan to determine its long term direction.

In line with the strategy to concentrate on our Chain and Gears businesses, Manesty Machines was sold to Barry Wehmiller International in February 1990 for £8·3 million, including borrowings assumed by the purchaser, with ownership of its Milnrow site retained by Renold. Manesty's product range, which served the pharmaceutical industry, had nothing in common with the rest of the Group, and the business had failed to make progress towards an acceptable level of profitability.

We began last year a major programme of capital investment on new manufacturing facilities and modern production equipment and this will proceed over the next two years, with capital expenditure of [illegible] 15 million in the current year. The continuing focus on asset management [illegible] resulted in the virtual elimination of net borrowings at 31 March 1990, and this places the Group in a strong position to finance a high level of investment. Maintenance of a healthy balance sheet will remain a high priority, with expected sales of surplus properties and tight control of working capital assisting to keep net borrowings at a low level.

The plan to revitalise the Chain business requires the management of substantial change, and is consequently not without risk in the short term. Over the last year, we have invested in top quality resources, comprising experienced senior management and external consultants, to put in place the new structure. The full implementation will take up to two more years, but benefits should start to accrue in 1991 2.

In all, the current year will be both difficult and demanding, but at the same time exciting.

None of this can be achieved without the skill, dedication and energy of the management and staff of the Group, who have continued to work hard and effectively in seeking to achieve our common goals.

TREVOR GRICE

REPORT OF THE DIRECTORS

for the year ended 31 March 1990

To be presented to the sixtieth Annual General Meeting of RENOLD PLC to be held at the Hotel Piccadilly, Piccadilly Plaza, Manchester on Thursday, 26 July 1990 at 2.30 p.m.

GROUP RESULTS

The profit before tax for the year was £9·5 million including an exceptional credit of £0·3 million. Profit attributable to ordinary shareholders for the year was £9·5 million, after an extraordinary credit of £2·3 million, which compares with a profit of £6·0 million after an extraordinary credit of £0·3 million last year. After provision for dividends retained profit for the year was £7·1 million — last year £4·2 million.

The principal activities of the Group are set out on the inside front cover and a review of the development of the business is contained in the Chief Executive's Review on pages 6 to 9. An indication of future developments is also given in those pages and in the Chairman's Statement on page 3.

DIVIDEND

An interim dividend of 1·2p per ordinary share was paid on 26 January 1990. A final dividend of 2·5p per ordinary share is now recommended which would bring the total distribution of the year to 3·7p per share (net of related tax credit) — 1988/9 2·8p per share. If approved, the final dividend will be paid on 10 August 1990 to members appearing on the register on 21 June 1990. Preference dividend payments were made on 1 July 1989 and 1 January 1990.

CHANGES IN SUBSIDIARIES

The sale of the share capital of Manesty Machines Limited and its subsidiary companies was completed on 14 February 1990. The sale realised £6·7 million together with a reduction in Group borrowings of £1·6 million attributable to Manesty, making a total of £8·3 million. During the year the closure was completed of the Anchor Chain factory at Oldham.

CAPITAL EXPENDITURE

Capital expenditure in 1989/90 amounted to £9·2 million compared with £3·9 million in 1988/9.

The major items of expenditure were for the new building at Bredbury, Stockport, which is to be occupied later this year on the relocation of chains activities from Burnage, Manchester, additional manufacturing equipment in the Chain Division to further improve efficiency and reduce manufacturing costs, and machines to provide additional capacity at Machine Tools & Rotors.

DIRECTORS

The present constitution of the Board at the date of this Report is set out on page 5.

Mr J W Shield and Mr C S Wood retire by rotation and Mr Wood, being eligible, offers himself for re-election.

Mr Shield, who is in his seventieth year, has indicated that he wishes to retire at the Annual General Meeting and therefore is not offering himself for re-election. Mr Shield, a non-executive director, has been a member of the Board since 1982, and we extend to him our best wishes for the future.

DIRECTORS' INTERESTS

The information required to be given in respect of directors' interests is set out in Note 22 to the Accounts.

EMPLOYEE SHARE SCHEMES

During the financial year 1989/90 options to purchase ordinary shares were granted under the Renold Executive Share Option Scheme in respect of 715,000 shares at a price of 96·8p per share. No options were granted during the year under the Renold Savings Related Share Option Scheme.

The profit sharing allocation of £150,000 set aside out of the ordinary activities attributable to the UK Companies for 1988/9 was utilised to issue 148,500 ordinary shares under the Renold Employee Share Scheme. Each of 1,650 eligible participants was allocated 90 ordinary shares in August 1989 at an initial market value of 101·6p per share. A further profit sharing allocation of £135,000 is being set aside out of the 1989/90 profit on ordinary activities attributable to the UK Companies. This sum will be used to provide ordinary shares under the Employee Share Scheme by the issue of new shares by the Company in August 1990. The number of shares involved will depend upon the market price immediately following the Annual General Meeting on 26 July 1990.

The Directors recommend that the Rules of the Savings Related Share Option Scheme be amended to take advantage of the change made in the Finance Act 1989 which allows a discount of up to 20% (from 10%), enabling options to be granted at not less than 80% of market value. A resolution to make this change is to be proposed at the forthcoming Annual General Meeting (see Resolution No. 5 on page 28 of this Report).

The number of shares reserved for issue under the three employee share schemes is currently 6,547,682 being the lesser of such number of ordinary shares of 25p each as represents 10% of the ordinary share capital in issue from time to time and 8,000,000 shares. Within these overall limits, the number of shares which may now be issued under the Executive Scheme may not exceed the lesser of such number of ordinary shares of 25p each as represents 5% of the ordinary share capital in issue from time to time (currently 3,273,841) and 4,000,000 shares.

EMPLOYMENT POLICIES

The Group's policy of involving employees at all levels has been maintained during the year. The main purpose is to provide employees with a better understanding of the state of their particular businesses and of the Group.

It is the policy of the Company and its UK subsidiaries that the recruitment, employment, training, career development and promotion of disabled persons, having regard to their particular aptitudes and abilities, are conducted in a manner similar to that applying to employees who do not suffer any disability. Wherever possible arrangements are made for the continued employment of persons who have become disabled during service and every effort is made to ensure that their employment is continued either by modification to their jobs or working environment or by appropriate training.

Copies of the report on employment conditions in our South African subsidiary, as submitted to the Department of Trade under the EEC Code of Conduct, are available on request.

EMPLOYEES

At 31 March 1990 the Renold Group employed 3,691 people, including 1,638 in the UK and 1,314 in the Rest of Europe.

RESEARCH AND DEVELOPMENT

The research and development activities of the Group continue to be principally directed towards the development of new products and manufacturing methods, and the improvement of performance and cost effectiveness of existing products.

Expenditure on research and development in the year 1989/90 amounted to £1·3 million — 1988/9 £0·9 million.

DONATIONS

During the year contributions to United Kingdom organisations for charitable purposes amounted to £1,000 — 1988/9 £2,000.

AUDITORS

A resolution to re-appoint the auditors, Price Waterhouse, will be put to the shareholders at the Annual General Meeting.

TAX STATUS

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

By order of the Board
S HARRISON
Secretary
18 June 1990

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1990

	Note	1990 £m	1989 £m
Turnover	1	148·3	145·4
Trading costs	2	138·1	135·9
Trading Profit		10·2	9·5
Interest payable	3	1·0	2·5
Profit before Exceptional Credit		9·2	7·0
Exceptional credit	4	0·3	0·2
Profit on Ordinary Activities before tax		9·5	7·2
Taxation	5	2·3	1·5
Profit on Ordinary Activities after tax		7·2	5·7
Extraordinary credit	6	2·3	0·3
Profit attributable to Ordinary Shareholders		9·5	6·0
Ordinary dividends	7	2·4	1·8
Retained profit for the year	17	7·1	4·2
Earnings per Share			
Including exceptional credit	8	11·0p	8·8p
Excluding exceptional credit	8	10·6p	8·2p

The Profit and Loss Account should be read in conjunction with the notes on pages 17 to 25.

BALANCE SHEETS

as at 31 March 1990

	Note	Group 1990 £m	Group 1989 £m	Renold PLC 1990 £m	Renold PLC 1989 £m
Fixed Assets					
Tangible assets	*10*	**33·5**	30·9	**0·4**	0·3
Investments	*11*			**50·8**	48·0
		33·5	30·9	**51·2**	48·3
Current Assets	*12*				
Stocks		**33·3**	36·1		
Debtors		**38·2**	32·9	**11·1**	10·9
Cash		**21·6**	11·9	**15·8**	9·3
		93·1	80·9	**26·9**	20·2
Creditors — amounts falling due within one year					
Bank loans and overdrafts	*13*	**(6·6)**	(7·6)		
Other	*14*	**(36·6)**	(30·5)	**(5·7)**	(5·1)
Net Current Assets		**49·9**	42·8	**21·2**	15·1
Total Assets less Current Liabilities		**83·4**	73·7	**72·4**	63·4
Creditors — amounts falling due after more than one year					
Loans	*13*	**(15·2)**	(15·4)	**(12·7)**	(12·7)
Other	*14*	**(1·6)**	(1·8)	**(0·1)**	
Provisions for Liabilities and Charges	*15*	**(7·4)**	(5·8)	**(0·4)**	
Net Assets		**59·2**	50·7	**59·2**	50·7
Capital and Reserves					
Called up share capital	*16*	**16·9**	16·8	**16·9**	16·8
Share premium	*17*	**3·4**	3·2	**3·4**	3·2
Revaluation reserve	*17*	**9·7**	9·0	**13·7**	11·9
Other reserves	*17*	**2·0**	7·2		4·3
Profit and loss account	*17*	**27·2**	14·5	**25·2**	14·5
Shareholders' Funds		**59·2**	50·7	**59·2**	50·7

Approved by the Board on 18 June 1990

Peter Frost
Trevor Grice } Directors

The Balance Sheets should be read in conjunction with the notes on pages 17 to 25.

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31 March 1990

		1990 £m		1989 £m
Source of Funds				
Profit before Exceptional Credit and Tax		9·2		7·0
Depreciation		4·3		4·1
Movements in working capital				
Stocks	(1·5)		5·7	
Debtors	(0·8)		0·6	
Creditors	4·1		(1·2)	
		1·8		5·1
Sales of tangible assets		3·2		7·5
Proceeds on sale of subsidiary (see note below)		8·3		
Proceeds on issue of share capital		0·3		
Other		0·5		
		27·6		23·7
Application of Funds				
Tangible assets		9·2		3·9
Acquisition of minority interests				0·5
Restructuring and closure costs		3·3		1·5
Taxation paid		1·5		1·7
Dividends paid		2·1		1·2
		16·1		8·8
Net Inflow of Funds		11·5		14·9
Exchange differences		(0·6)		(0·4)
Decrease in Net Borrowings		10·9		14·5
Made up of:				
Cash increase		9·7		11·3
Overdrafts decrease		1·0		0·5
Loans decrease		0·2		2·7
Decrease in Net Borrowings		10·9		14·5

Note: Proceeds on sale of subsidiary comprise:

Fixed Assets	1·7
Stocks	4·2
Debtors	3·0
Creditors	(2·7)
Profit on sale	2·1
	8·3

The sources and applications of funds of overseas subsidiaries are translated to sterling at the exchange rates ruling at the balance sheet date. The effect of retranslating opening net assets of overseas subsidiaries at closing rates of exchange has been eliminated.

ACCOUNTING POLICIES

A summary of the principal Group accounting policies is set out below. These policies have been applied consistently throughout the year and the preceding year, except for a change in the policy for accounting for pension costs to comply with Statement of Standard Accounting Practice No. 24.

BASIS OF CONSOLIDATION — The Group accounts set out on pages 12 to 25 have been prepared in compliance with the Companies Act 1985 and have been prepared under the historical cost convention but include some past revaluations of properties and equipment.

As permitted by S228(7) of the Companies Act 1985 the Holding Company has not presented its own Profit and Loss Account.

GOODWILL — The excess of cost of acquisition over the value to the Group of the net assets acquired is deducted from reserves in the year in which the acquisition is made.

OVERSEAS CURRENCIES — The assets, liabilities and trading results of overseas subsidiaries are expressed in sterling at the exchange rates ruling at the balance sheet dates. Exchange differences arising on the retranslation of net assets at the beginning of a year are taken direct to reserves.

TANGIBLE ASSETS represented by properties and equipment are stated at cost or valuation, less depreciation. Where revaluations are included the valuation of properties is based on the advice of professional valuers having regard to estimated realisable values and the valuation of equipment is based on replacement costs and the remaining years of estimated useful lives of the relevant assets. Depreciation is calculated by reference to original cost or valuation at fixed percentages assuming effective useful lives as follows:—

Freehold properties – 80 years; land is not depreciated

Leasehold properties – 80 years or the period of the lease if less

Equipment (including plant and machinery) — 5 to 25 years according to type of asset

Motor vehicles – 25% per annum for 3 years leaving 25% residual value

Tangible assets financed by leasing agreements that give rights approximating to ownership (finance leases) are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases in creditors. Finance lease costs are charged as interest based on a constant periodic rate as applied to the outstanding liabilities. Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above.

Annual rentals in respect of operating leases are charged against the profit of the year in which they are incurred.

ACCOUNTING POLICIES

Continued

GOVERNMENT GRANTS are deducted from the cost of tangible assets and credited to depreciation over the life of the relevant assets.

STOCKS are stated at the lower of cost, including full manufacturing overheads, and estimated net realisable value. In the Group accounts, unrealised profit on sales within the Group is deducted from stocks.

DEFERRED TAXATION — Provision is not made for deferred taxation unless there is a reasonable probability that a liability will arise within the foreseeable future.

Advance corporation tax on dividends paid and proposed is charged in the Group profit and loss account except to the extent that it can be recovered against current taxation.

TURNOVER comprises the invoiced value of goods and services on ordinary activities after deducting value added tax or other sales related taxes, trade discounts and transactions between Group companies.

PENSIONS — In all countries except Germany, the costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surpluses or deficits that may arise from time to time are amortised over the average working life of employees. In Germany the costs of providing pensions for employees are charged in the profit and loss account in accordance with local practice and legislation.

RESEARCH AND DEVELOPMENT — Expenditure other than that on properties and equipment is charged against the profit of the year in which it is incurred.

NOTES ON THE ACCOUNTS

1. *TURNOVER*

Activities classified by geographical region of operation:

	1990		1989	
	Turnover £m	Profit £m	Turnover £m	Profit £m
United Kingdom	50·8	4·3	57·6	4·5
West Germany	23·2	1·2	17·7	0·1
Rest of Europe	34·6	1·2	28·4	1·3
North America	20·9	1·4	20·7	(0·2)
Other countries	18·8	1·1	21·0	1·3
	148·3	9·2	145·4	7·0

Geographical analysis of turnover by market area:

	Turnover 1990 £m	Turnover 1989 £m
United Kingdom	34·2	35·4
West Germany	19·8	14·[illegible]
Rest of Europe	43·8	38·3
North and South America	26·2	25·6
Other countries	24·3	31·6
	148·3	145·4

Sales within the Group of £30·2 million — £28·0 million are excluded from turnover.

2. *TRADING COSTS*

	1990 £m	1990 £m	1989 £m	1989 £m
Change in stocks of finished goods and work in progress		0·2		5·[illegible]
Raw materials and consumables		53·8		51·2
Own work capitalised		(0·9)		(0·6)
Staff costs				
Gross wages and salaries	51·4		49·1	
Social security costs	6·7		5·7	
Other pension costs (note 15)	2·6		2·4	
		60·7		57·2
Depreciation				
Owned assets	4·0		3·7	
Assets acquired under finance leases	0·3		0·4	
		4·3		4·1
Operating lease rentals				
Equipment	0·7		0·8	
Other	0·5		0·3	
		1·2		1·1
Remuneration of auditors		0·2		0·2
Other external charges		[illegible]·0		18·5
Other operating income		(1·4)		(0·9)
Trading Costs		138·1		135·9
The average number of persons employed by the Group during the year was:				
United Kingdom		1,995		2,188
West Germany		669		623
Rest of Europe		646		638
North America		226		257
Other countries		501		513
		4,037		4,219

Expenditure on research and development charged against trading profit amounted to £1·3 million — £0·9 million.

NOTES ON THE ACCOUNTS

Continued

3. *INTEREST PAYABLE*

	1990 £m	1989 £m
On loans repayable after 5 years	0·8	1·0
On loans and overdrafts repayable within 5 years	1·4	1·5
On finance leases	0·2	0·2
	2·4	2·7
Less interest receivable	(1·4)	(0·2)
	1·0	2·5

4. *EXCEPTIONAL CREDIT*

	1990 £m	1989 £m
Profit on sale of properties after providing for relocation costs	4·3	4·7
Restructuring of manufacturing businesses	(2·4)	(2·4)
Restructuring of overseas merchanting businesses	(1·6)	(2·1)
	0·3	0·2

5. *TAXATION*

	1990 £m	1990 £m	1989 £m	1989 £m
UK Corporation tax based on profit of the year at the rate of 35%	1·1		1·4	
Less double taxation relief	(1·0)		(1·0)	
	0·1		0·4	
Unrelieved advance corporation tax	0·8		0·5	
		0·9		0·9
Overseas taxes		1·4		0·6
		2·3		1·5

6. *EXTRAORDINARY CREDIT*

	1990 £m	1989 £m
Disposal and closure of businesses	2·3	0·5
Investment written off		(0·2)
	2·3	0·3

7. *ORDINARY DIVIDENDS*

	1990 £m	1989 £m
Interim dividend paid of 1·2p ([illegible])	0·8	[illegible]
Final dividend proposed 2·5p ([illegible])	1·6	[illegible]
	2·4	[illegible]

8 EARNINGS PER SHARE

The calculations of earnings per share shown on page 12 are based on the profit, before extraordinary credit, of £7·2 million including the exceptional credit, and £6·0 million excluding the exceptional credit and related tax, and the weighted average of 65,297,750 shares in issue during the year. The earnings per share in 1989 was based on the profit, before extraordinary credit, of £5·7 million and the weighted average of 64,915,743 shares in issue during the year.

Under the Nil distribution basis, eliminating the charge for unrelieved advance corporation tax on the ordinary dividends, the earnings per share were 12·2p including the exceptional credit (1989 earnings of 9·5p per share).

The potential dilution arising from options granted under share option schemes is not material.

9. REMUNERATION OF DIRECTORS AND SENIOR EMPLOYEES

The remuneration of directors of Renold PLC included as a charge in the year's accounts amounted to £412,000 — [illegible] made up of fees £71,000 — [illegible], executive emoluments £340,000 — [illegible] and payments of £1,000 — [illegible] in respect of former directors.

In the year to 31 March 1990 the emoluments (excluding pension contributions) of the Chairman were £39,000 — [illegible]. The fees and executive emoluments (excluding pension contributions) of the highest paid director were £106,000 — [illegible].

The number of directors who received fees and executive emoluments (excluding pension contributions) during the year within the following bands was:

	1990	1989
£ 5,001 — £10,000		[illegible]
£ 10,001 — £15,000	3	
£ 30,001 — £35,000		1
£ 35,001 — £40,000	1	
£ 40,001 — £45,000		1
£ 50,001 — £55,000		1
£ 65,001 — £70,000		2
£ 70,001 — £75,000	1	
£ 75,001 — £80,000	2	
£ 95,001 — £100,000		1
£105,001 — £110,000	1	

The number of employees in the UK who received emoluments (excluding pension contributions) during the year within the following bands was:

	1990	1989
£30,001 — £35,000	7	1
£35,001 — £40,000	6	[illegible]
£40,001 — £45,000	2	4
£45,001 — £50,000	2	
£50,001 — £55,000	1	

NOTES ON THE ACCOUNTS

Continued

10. *TANGIBLE ASSETS*

	GROUP			RENOLD PLC		
	Properties £m	*Equipment* £m	*Total* £m	*Properties* £m	*Equipment* £m	*Total* £m
COST OR VALUATION						
At beginning of year	12·1	51·0	63·1		0·5	0·5
Exchange adjustment	0·7	2·4	3·1			
Additions at cost	2·8	6·4	9 2		0·2	0·2
Intra Group transfers		·		0·5		0·5
Business disposed of	(0·4)	(4·5)	(4·9)			
Disposals and other adjustments	(1·5)	(2·1)	(3·6)	(0·5)	(0·1)	(0·6)
At end of year	13·7	53·2	66·9	–	0·6	0·6
Analysis of cost or valuation						
Valuation made in:						
1965 to 1970		0·1	0·1			
1971	4·3		4·3			
1974		3·2	8·2			
Assets at cost	9·4	44·9	54·3		0·6	0·6
	13·7	5[illegible]·2	66·9		0·6	0·6
DEPRECIATION						
At beginning of year	4·1	28 1	32·2		0·2	0·2
Exchange adjustment	0·3	1 3	1·6			
Depreciation for the year	0·3	4 0	4·3		0·1	0·1
Intra Group transfers				0·1		0·1
Business disposed of	(0·1)	(3 1)	(3·2)			
Disposals and other adjustments	(0·5)	(1·[illegible])	(1·5)	(0·1)	(0·1)	(0·[illegible])
At end of year	4·1	29·3	33·4	–	0·2	0·2
NET BOOK VALUE at end of year	9·6	23·[illegible]	33·5		0·4	0·4
NET BOOK VALUE at beginning of year	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]

Net book value at the end of the year includes £4·4 million — [illegible] million in respect of leased assets (land and buildings £2·7 million — [illegible] million, equipment £1·7 million — [illegible]).

The total cost or valuation of properties at 31 March 1990 comprises £10·9 million — [illegible] for freehold land and buildings and £2·8 million — [illegible] for leasehold land and buildings which relates to short term leases where the period unexpired is less than 50 years.

If all tangible assets had been determined under the historical cost convention the values for the Group would have been original cost £64·2 million — [illegible] million; depreciation £30·2 million — [illegible] and net book value £34·0 million — [illegible] million.

FUTURE CAPITAL EXPENDITURE

At 31 March 1990 authorised capital expenditure not provided for in these accounts amounted to approximately £8·7 million — [illegible] million. Of these amounts contracts have been placed for £2·6 million — [illegible].

11. *INVESTMENTS*

RENOLD PLC

	Subsidiary Companies		
	Shares £m	Advances £m	Total £m
Cost or valuation			
At beginning of year	25·4	22·6	48·0
Additions/(repayments)	1·3	(1·4)	(0·1)
Disposal of subsidiary	(2·6)		(2·6)
Capitalisation of loans	4·3	(4·3)	
Surplus on revaluation	5·5		5·5
At end of year	33·9	16·9	50·8

SUBSIDIARY COMPANIES

Shares in subsidiary companies are stated at their net asset value at the end of the year. The directors have adopted this basis because they consider that it more fairly represents the investment of Renold PLC in subsidiary companies. The principal subsidiary companies of Renold PLC at 31 March 1990 are set out on page 26.

12. *CURRENT ASSETS*

	GROUP		RENOLD PLC	
	1990 £m	1989 £m	1990 £m	1989 £m
STOCKS				
Materials	5·6	5·8		
Work in progress	11·8	15·1		
Finished products	15·9	15·2		
	33·3	36·1		
DEBTORS				
Trade debtors	27·0	27·1		
Amounts owed by subsidiaries			10·1	10·4
Other debtors	10·3	5·0	0·7	0·3
Prepayments and accrued income	0·9	0·8	0·3	0·2
	38·2	32·9	11·1	10·9
CASH at bank and in hand	21·6	11·9	15·8	9·3
	93·1	80·9	26·9	20·2

The Group figures for other debtors include £0·3 million — £0·3 million of amounts falling due after more than one year.

NOTES ON THE ACCOUNTS

Continued

13. *LOANS*

	GROUP 1990 £m	GROUP 1989 £m	RENOLD PLC 1990 £m	RENOLD PLC 1989 £m
Total borrowings	21·8	[illegible]	12·7	12·7
Less: repayable within one year or on demand	6·6	7·4		
Amounts falling due after more than one year	15·2	15·4	12.7	12·7
Repayable:				
Between one and two years	0·9	1·3		
Between two and five years	3·8	0·7	3·0	
Over five years	10·5	13·4	9·7	12·7
	15·2	15·4	12·7	12·7
Loans comprise:				
6¾% First Debenture Stock 1990/95	3·0	3·0	3·0	3·0
8% First Debenture Stock 1991/96	3·0	3·0	3·0	3·0
7⅝% Second Debenture Stock 1992/97	6·7	6·7	6·7	6·7
7¼% Sterling Loan — UK	0·7	0·7		
Bank loans — overseas	2·5	2·0		
	15·9	15·4	12·7	12·7
Less: repayable within one year	0·7			
	15·2	15·4	12·7	12·7

Included in Group borrowings are secured borrowings of £17·0 million — £19·2 million (Renold PLC borrowings are all secured).
Interest is payable on overseas subsidiaries loans at variable rates determined in relation to local bank base rates.

14. *CREDITORS*

	GROUP 1990 £m	GROUP 1989 £m	RENOLD PLC 1990 £m	RENOLD PLC 1989 £m
Amounts falling due within one year				
Trade creditors	15·9	14·9	0·7	0·6
Rationalisation costs	3·7	1·8		
Amounts owed to subsidiaries			0·1	0·7
Dividends payable	1·6	1·3	1·6	1·3
Corporate taxes	2·0	1·4	1·0	1·0
Other taxation and social security	2·6	2·7	0·1	0·2
Other creditors	6·9	[illegible]	1·1	0·4
Accruals	3·6	2·0	1·1	0·9
Finance lease obligations	0·3	0·6		
	36·6	30·5	5·7	[illegible]
Amounts falling due after more than one year				
Finance lease obligations				
– Between two and five years	0·5	0·7		
Over five years	0·5	0·5		
Other creditors	0·6	0·6	0·1	
	1·6	1·8	0·1	

15. *PROVISIONS FOR LIABILITIES AND CHARGES*

The Group operates a number of pension schemes throughout the world. In the UK, the schemes are defined benefit type schemes with assets held in trustee administered funds. Overseas, employees participate in a variety of different pension arrangements of the defined contribution or defined benefit type funded in accordance with local practice. There is no material surplus or deficit in any of the overseas schemes and actuarial valuations of these schemes are carried out at least every three years.

The total pension costs for the Group were as follows:

	1990 £m	1989 £m
UK	0·8	[illegible]
Overseas	1·8	1·8
	2·6	[illegible]

15. *PROVISIONS FOR LIABILITIES AND CHARGES (continued)*

As required by SSAP 24, the UK cost for 1990 reflects the regular contribution rate less £0·8m in respect of the actuarial surplus referred to below which is being recognised over the average expected remaining service lives of active scheme members. Had the previous accounting policy applied, the UK pension cost would have been £0·6m being the actual contributions payable.

The pension cost relating to UK schemes is assessed in accordance with the advice of William M Mercer Fraser Limited, the Group's consulting actuaries, using the projected unit method. The latest actuarial valuations of these schemes were carried out as at 5 April 1989 and the next valuations will be carried out as at 5 April 1992. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It has been assumed that the investment return will be 9% per annum, that salary increases will average 7% per annum and that present and future pensions will increase at the rate of 5% per annum. For the purpose of the valuations, investments were taken at market value.

At the date of the latest actuarial valuations, the market value of the assets of the UK schemes totalled £61·3 million which represented 109% of the liabilities in respect of benefits accrued to members, allowing for expected future increases in earnings. The actuarial surplus of £5·0 million is being credited to the Profit and Loss Account over the average expected remaining service lives of active scheme members which is approximately 14 years.

The element of the total pension cost relating to overseas schemes includes £0·8 million — £0·9 million where the charge has been determined in accordance with local best practice and regulations in the Federal Republic of Germany.

A provision is included in respect of the excess of the accumulated pension cost over the amount externally funded as follows:

	1990 £m	1989 £m
UK schemes	0·4	
Overseas schemes	7·0	5·8
	7·4	5·8

In certain countries, there are unfunded vested obligations which at 31 December 1980 amounted to £0·7 million. These obligations are being provided for over a period of fifteen years from that date.

16. *CALLED UP SHARE CAPITAL*

	Authorised 1990 £m	Authorised 1989 £m	Issued 1990 £m	Issued 1989 £m
Cumulative Preference Stock (£1 Units)	0·6	0·6	0·6	0·6
Ordinary shares of 25p each	23·1	23·1	16·3	16·2
	23·7	23·7	16·9	16·8

The Company issued 461 377 ordinary shares of 25p each during the year as follows:

Appropriation under the Renold Employee Share Scheme	148,500
Exercise of options under the Renold Executive Share Option Scheme	268,600
Exercise of options under the Renold Savings Related Share Option Scheme	44,277

At 31 March 1990 the issued Ordinary Share Capital comprised 65,476,819 ordinary shares of 25p each.

The fixed rate of annual dividend for the 6% Cumulative Preference Stock is 4·2% plus tax credit.

On 11 June 1990, the Register kept by the Company under Section 211 of the Companies Act 1985 recorded that the following shareholders were interested in the equivalent of 3% or more of the issued ordinary shares:

	%
The Prudential Assurance Company Limited	9·46
Schroder Investment Management Limited	[illegible]·80
Credit Suisse Buckmaster & Moore Limited	5·34
Allied Dunbar Assurance PLC	4·31
Clerical Medical Investment Group	4·16

NOTES ON THE ACCOUNTS

Continued

17. *RESERVES*

	Share Premium Account £m	Revaluation Reserve £m	Other Reserves £m	Profit & Loss Account £m	Total Reserves £m
GROUP					
At beginning of year	3·2	9·0	7·2	14·5	33·9
Exchange translation differences on net assets of overseas companies				1·1	1·1
Retained profit for the year				7·1	7·1
Share premium	0·2				0·2
Reclassification of reserves		0·7	(5·2)	4·5	
At end of year	3·4	9·7	2·0	27·2	42·3
RENOLD PLC					
At beginning of year	3·2	11·9	4·3	14·5	33·9
Retained profit for the year				2·7	2·7
Surplus on revaluation of shares in subsidiaries		1·5		4·0	5·5
Share premium	0·2				0·2
Reclassification of reserves		0·3	(4·3)	4·0	
At end of year	3·4	13·7	—	25·2	42·3

The reclassification of reserves is primarily the release of those reserves which the Company had undertaken to the High Court not to distribute until all creditors of the Company at the date of the capital reorganisation in January 1985 have been discharged or have agreed otherwise. These conditions have been fulfilled during the year.

18. *DEFERRED TAXATION*

No provision has been made for deferred taxation. At 31 March 1990 there were UK fixed assets and other timing differences, at the corporate tax rate, of £1·8 million — £2·4 million which are covered by losses carried forward of £5·0 million — £7·0 million. Overseas timing differences amounted to £4·6 million — £3·[illegible] million which relate principally to fixed asset revaluations.

Distributions by overseas companies would in most cases be subject to additional taxation.

19. *OPERATING LEASE OBLIGATIONS*

At the end of the year there were annual commitments under non-cancellable operating leases as follows:

	1990		1989	
	Properties £m	Equipment £m	Properties £m	Equipment £m
Leases expiring:				
Within one year		0·1	0·1	[illegible]
Between two and five years	0·4	0·4	0·2	0·9
Over five years	0·3		[illegible]	
Total annual commitments	0·7	0·5	0·6	1·2

PRINCIPAL SUBSIDIARY COMPANIES

as at 31 March 1990

UNITED KINGDOM

Renold Power Transmission Limited*
FACTORIES: BRADFORD, BURTON, CARDIFF, MANCHESTER, MILNROW

Renold International Holdings Limited*

REST OF EUROPE

Austria Renold GmbH

Belgium Renold Continental Limited (incorporated in the United Kingdom)

Denmark Renold A/S

France Brampton Renold SA*
FACTORIES: CALAIS, LILLE

Holland Renold Continental Limited (incorporated in the United Kingdom)

Spain Renold SA*

Sweden Renold Transmission AB

Switzerland Renold (Switzerland) GmbH

West Germany Renold (Deutschland) GmbH
— Arnold & Stolzenberg GmbH FACTORY: EINBECK
— *Renold Antriebs-und Fordertechnik GmbH*

NORTH AMERICA

Canada Renold Canada Limited

USA Renold Holdings Inc.*
Renold Inc. FACTORY: WESTFIELD
Renold Power Transmission Corporation

OTHER COUNTRIES

Australia Renold Australia Proprietary Limited FACTORY: MELBOURNE

Malaysia Renold (Malaysia) Sdn Bhd

New Zealand Renold (NZ) Holdings Limited
Renold Christian Limited FACTORY: AUCKLAND

Singapore Renold Overseas Limited (incorporated in the United Kingdom)

South Africa Renold Crofts (South Africa) (Pty) Limited
FACTORIES: BENONI, PIETERMARITZBURG

*Direct subsidiary of Renold PLC
All companies are direct or indirect wholly owned subsidiaries of Renold PLC
Overseas companies are incorporated in the countries in which they operate except where otherwise stated

20. *CONTINGENT LIABILITIES*

Contingent liabilities at 31 March 1990 in respect of guarantees and bills under discount amounted to £1·9 million — £3·3 million for the Group. In addition Renold PLC had guaranteed bank and other borrowings by subsidiaries which amounted to £3·2 million — £2·8 million.

21. *SHARE OPTIONS*

Share options have been granted under the Executive Share Option Scheme and the Savings Related Share Option Scheme. At 31 March 1990 unexercised options for ordinary shares amounted to 1,892,201 — 1,614,049 made up as follows:

	Option price (pence per share)	1990 Number of shares	1989 Number of shares
Executive Share Option Scheme			
Within seven years from:			
26 November 1988	66·6	183,900	448,500
13 July 1990	86·8	125,000	125,000
27 July 1990	89·2	90,000	90,000
23 November 1990	44·8	90,000	90,000
4 July 1991	61·4	90,000	94,000
21 November 1991	71·6	30,000	30,000
4 July 1992	96·8	715,000	
		1,323,900	877,500
Savings Related Share Option Scheme			
Within six months from:			
1 February 1991	56·34	330,667	408,343
1 October 1993	79·74	179,266	239,517
1 February 1993	41·4	58,368	88,689
		568,301	736,549

22. *DIRECTORS' INTERESTS*

The beneficial interests of the directors (including their family interests) in the ordinary shares of Renold PLC at the end of the financial year were as follows:

	1990 Shares	1990 Options	1989 Shares	1989 Options
J P Frost	134,000		134,000	
T C Grice	300,090	250,000	300,000	125,000
J H B Allan	20,090	180,000	20,000	90,000
D A Martin	9,000	180,000	1,000	90,000
A M Reid	36,000		36,000	
J W Shield	8,000		8,000	
R G J Telfer	10,000		10,000	
C S Wood	8,090	180,000	1,000	90,000

The only non-beneficial interest in the ordinary shares of Renold PLC at the end of the year was 410,400 shares — 278,640 shares held by Mr J H B Allan and Mr D A Martin as trustees of the Renold Employee Share Scheme. At 11 June 1990 the number of shares held by the trustees of the scheme was 407,910.

At 31 March 1990 the only interest of the directors in the capital of the Company was in the Ordinary Shares as stated above.

There have been no other changes in the interests of directors in the share capital of the Company between the end of the financial year and 11 June 1990.

The unexercised options held by directors at 31 March 1990 were all held under the Renold Executive Share Option Scheme at prices ranging from 44·8p to 96·8p exercisable up to dates between 12 July 1997 and 3 July 1999.

No director had any interests in contracts of significance in relation to the Company's business during the year.

REPORT OF THE AUDITORS

To the members of Renold PLC

We have audited the accounts on pages 12 to 25 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 the Group at 31 March 1990 and of the profit and source and application of funds of the Group for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
Manchester

19 June 1990

FINANCIAL CALENDAR

ANNOUNCEMENT OF RESULTS

Annual General Meeting
to be held at the Hotel Piccadilly, Manchester on 26 July 1990 at 2.30 p.m.

Half Year 1990/1 November 1990

DIVIDEND AND INTEREST PAYMENTS

Ordinary dividends

Interim [illegible] 1990 **Final** 10 August 1990

Preference dividends 1 July and 1 January

$6\frac{1}{4}$% First Debenture Stock 30 September and 31 March

8% First Debenture Stock 25 September and 25 March

$7\frac{5}{8}$% Second Debenture Stock 8 September and 8 March

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixtieth Annual General Meeting of Renold PLC will be held in the Hotel Piccadilly, Piccadilly Plaza, Manchester on Thursday 26 July 1990 at 2.30 p.m. for the following purposes:

1. To receive and to consider the Accounts and the Reports of the Directors and of the Auditors in respect of the financial year ended 31 March 1990.

2. To declare a dividend on the issued ordinary shares.

3. To re-elect Mr C S Wood as a director (see the Report of the Directors).

4. To re-appoint the auditors and to authorise the directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolution 5 to amend the rules of the Renold Savings Related Share Option Scheme. This resolution will be proposed as an Ordinary Resolution.

5. THAT, sanction be and is hereby given to the amendment of the Rules of the Renold PLC Savings Related Share Option Scheme by the deletion from Rule 1.18 of the expression "90%" and the substitution therefor of the expression "80%" and that the Directors be and they are hereby authorised to do all acts and things necessary to give effect to such amendment, including but not limited to making such further amendments as may be necessary to obtain the approval of the Board of Inland Revenue.

Registered Office
Renold House
Wythenshawe
Manchester M22 5WL

By Order of the Board
S HARRISON
Secretary
29 June 1990