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RTZ PILLAR LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1990



RTZ PILLAR LIMITED

DIRECTORS OF THE COMPANY

D. Edwards	Chairman
G.H. Sage	Chief Executive
D. Brown	
J.A. Cooke	
D.E. Davey	
R.F. Leverton	
J.W. Ray	
B.C. Turner	
J.R.D. Willans	
D. Wolstenholme	

COMPANY SECRETARY

W.R.V. Archer

RTZ PILLAR LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31 December 1990.

COMPOSITION AND ACTIVITIES OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

RTZ Pillar Limited is a wholly-owned subsidiary of The RTZ Corporation PLC ("RTZ") and is a holding company for a diversified industrial group with operating subsidiaries, associates and divisions serving markets which include construction, automotive and general engineering, aviation and defence.

For management reporting purposes the Group's operations are coordinated through the following sub-groups:

The Pillar Building Products Limited group comprises businesses supplying non-electrical products primarily to the construction markets in the United Kingdom and mainland Europe. Its activities include the fabrication and surface finishing of aluminium and steel and the manufacture and supply of aluminium, steel and plastic components for the construction industry including the building and home improvement markets.

During the year, £16 million was spent on acquisitions which relate directly to existing businesses: Grada International NV, a manufacturer of air diffusion products in Belgium, Tecnilaca-Lacagam de Metais, Lda, a metal finishing company in Portugal and Filon Products Limited, a glass reinforced plastic panel manufacturer for the United Kingdom industrial construction market. In addition, the other 50% interest in Streamline Building Products Limited was acquired for £0.9 million and the group's 49% interest in Tegra! Metal Forming Limited in Eire was sold for £0.9 million.

The Pillar Electrical PLC group comprises companies manufacturing electrical products and systems for markets in the United Kingdom and mainland Europe, the Middle East and the Far East. Activities include the manufacture of the "MK" range of electrical wiring accessories, circuit protection and cable management systems, as well as the design and manufacture of safety and environmental systems for buildings and specialised lighting products.

The Pillar Engineering Limited group comprises the automotive and general engineering, distribution and aviation support interests in the United Kingdom. Activities include aero-engine and aircraft component overhaul, manufacture of products and precision components for aerospace, automotive and general industrial applications, motor vehicle dealerships and distribution of products to the engineering and construction industries.

RESULTS

The results of the Company for the year are set out on page 6.

DIVIDENDS

An interim dividend of £3,600,000 was paid in November 1990. The Directors recommend a final dividend for the year of £3,493,000 payable on 3 June 1991.

FIXED ASSETS

The changes in the Company's fixed assets during the year are set out in note 9 to the accounts.

DIRECTORS

The present composition of the Board of Directors is set out on page 1. Mr. D. Brown, Mr. J.A. Cooke, Mr. J.W. Ray, Mr. B.C. Turner and Mr. J.R.D. Willans were appointed Directors on 6 September 1990 and Mr. J.A. Chilcot, Mr. M.M. Freeman and Mr. G.E.L. Munera resigned as Directors on 15 June, 6 September, and 31 October respectively.

According to the Register kept under Section 325 of the Companies Act 1985, the interests of Directors and their families in shares, loan stock or debentures of The RTZ Corporation PLC or any of its subsidiaries, were as follows:

	Options on RTZ 10p Ordinary Shares Granted During Year	RTZ 10p Ordinary Shares Holdings 31 December 1990	RTZ 10p Ordinary Shares Holdings 31 December 1989*
D. Brown	48,586	-	-
J.A. Cooke	-	-	-
D.E. Davey	-	30,225	28,370
R.F. Leverton	81,000	-	-
J.W. Ray	56,500	1,901	1,901
G.H. Sage	7,673	-	-
B.C. Turner	53,500	556	556
J.R.D. Willans	47,500	1,794	1,768
D. Wolstenholme	5,500	4,073	2,979

During the year, Mr. D.E. Davey and Mr. G.H. Sage each exercised 1,855 options on RTZ 10p Ordinary Shares.

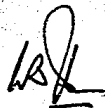
* or date of appointment if later.

The above list does not include any shareholdings of Mr. D. Edwards, who is also a Director of The RTZ Corporation PLC.

AUDITORS

A resolution to re-appoint Coopers & Lybrand Deloitte as the Company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

Cleveland House
19 St. James's Square
London SW1Y 4JG

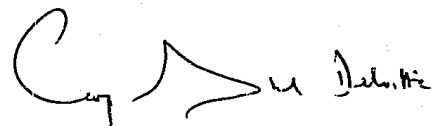
12 March 1991.

RTZ PILLAR LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 6 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND DELOITTE
Chartered Accountants

LONDON, 12 March 1991

RTZ PILLAR LIMITED**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1990**

	Notes	1990 £'m	1989 £'m
Income from investments in subsidiary companies		20.7	91.0
Other operating income		6.5	5.8
		27.2	96.8
Administrative expenses		(6.4)	(5.6)
Operating Profit	2	20.8	91.2
Interest payable (net)	5	(8.6)	(9.2)
Profit on ordinary activities before taxation		12.2	82.0
Taxation credit	6	2.9	3.1
Profit on ordinary activities after taxation		15.1	85.1
Extraordinary income	7	-	67.5
Profit for the financial year		15.1	152.6
Dividends	8	7.1	75.9
Retained profit for the year		8.0	76.7
Retained profit at beginning of year		95.1	18.4
Retained profit at end of year		103.1	95.1

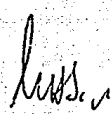
The notes on pages 9 to 16 form part of these accounts.

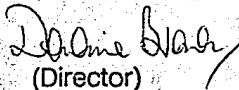
Auditors' report is on page 5.

RTZ PILLAR LIMITED

**BALANCE SHEET
31 DECEMBER 1990**

	Notes	1990 £'m	1989 £'m
FIXED ASSETS			
Tangible assets	9	1.5	1.2
Investments in subsidiary companies	10	399.8	399.8
		401.3	401.0
CURRENT ASSETS			
Debtors	11	170.1	169.5
Cash at bank and in hand		11.7	15.8
Creditors : amounts falling due within one year	12	181.8 (159.9)	185.3 (171.1)
NET CURRENT ASSETS		21.9	14.2
TOTAL ASSETS LESS CURRENT LIABILITIES		423.2	415.2
Deferred taxation	13	(0.1)	(0.1)
		423.1	415.1
CAPITAL RESERVES			
Called up share capital	14	320.0	320.0
Profit and loss account		103.1	35.1
		423.1	415.1


(Director)


(Director)

12 March 1991

The notes on pages 9 to 16 form part of these accounts

Auditors' report is on page 5.

RTZ PILLAR LIMITED**SOURCE AND APPLICATION OF FUNDS STATEMENT
YEAR ENDED 31 DECEMBER 1990**

	1990 £'m	1989 £'m
FUNDS GENERATED FROM OPERATIONS		
Profit on ordinary activities before taxation	12.2	82.0
Items not involving the movement of funds Depreciation	0.3	0.2
	12.5	82.2
OTHER FUNDS GENERATED		
Taxation received	3.1	-
Sale of tangible fixed assets	0.1	0.1
Sale of investments and subsidiary companies	-	68.8
	15.7	151.1
FUNDS APPLIED		
(Decrease)/Increase in working capital		
Debtors	0.6	21.6
Creditors	8.4	(43.9)
	9.0	(22.3)
Additions to tangible fixed assets	0.7	1.2
Additions to investments	-	21.2
Taxation paid	-	0.1
Dividends paid	9.9	96.5
	19.6	96.7
(DEFICIT)/EXCESS OF FUNDS GENERATED OVER FUNDS APPLIED	(3.9)	54.4
(REDUCTION)/INCREASE IN NET LIQUID FUNDS		
Cash balances	(4.1)	3.1
Loan due from parent company	0.2	51.3
	(3.9)	54.4

Auditors' report is on page 5.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Accounts are drawn up in accordance with the historical cost convention.

a) Depreciation

Depreciation of tangible fixed assets is provided on a straight line basis by reference to the expected useful lives of the assets concerned.

The principal annual depreciation rates applied are:-

Leasehold improvements	20%
Computer equipment	25%
Plant and equipment	10 - 25%

b) Deferred Taxation

Deferred tax is provided using the liability method in respect of all timing differences to the extent that these are expected to reverse in the foreseeable future.

c) Investments in Subsidiaries

Investments in subsidiary companies are stated at cost less provisions where in the opinion of the Directors there has been a permanent diminution in value.

d) Pensions

The expected cost of pensions in respect of The RTZ Corporation PLC Group defined benefit pension schemes in which the company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Contributions are based on pension costs across The RTZ Corporation PLC Group as a whole. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

2	OPERATING PROFIT	1990 £'000	1989 £'000
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Operating profit is stated after charging/(crediting):

Staff Costs:

Wages and salaries	1,230	1,175
Social security costs	129	123
Other pension costs	159	104
Depreciation of tangible fixed assets	360	233
Loss on disposal of tangible fixed assets	7	17
Hire of plant and machinery	61	30
Operating lease payments	427	273
Directors' emoluments for management, including pension contributions (see Note 3)	835	1,313
Auditors' remuneration	45	48

The total pension cost for the company was £158,848 and includes a charge of £25,086 attributable to the amortisation of pension surpluses. Contributions made to pension schemes during 1990 amounted to £139,117.

3 DIRECTORS' EMOLUMENTS

The Chairman received no emoluments (1989 - £nil). The emoluments of the highest paid director, excluding pension contributions, were £128,250 (1989 £134,364). Other directors emoluments apart from those who discharged their duties wholly or mainly outside the United Kingdom, excluding pension contributions fell within the following ranges:

	1990	1989
Nil to £5,000	4	5
£25,001 to £30,000	1	1
£30,001 to £35,001	3	-
£55,001 to £60,000	1	1
£95,001 to £100,000	-	1
£115,001 to £120,000	1	-
£120,001 to £125,000	-	1

4 EMPLOYEE INFORMATION

The average number of persons employed by the Company during the year was 66 (1989-66).

The Company participates in two UK pension schemes of The RTZ Corporation PLC Group. The schemes are of the defined benefit type. The assets of the schemes are held in separate trustee administered funds. The details from the most recent actuarial reviews which were carried out as at 31st December 1989 are disclosed in the accounts of The RTZ Corporation PLC, the ultimate holding company.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

5	INTEREST PAYABLE (NET)	1990 £'m	1989 £'m
	Interest payable:		
	Group loans	(17.8)	(14.9)
	Less: interest receivable		
	Bank deposits	2.8	1.6
	Group deposits	6.4	4.1
		<u>9.2</u>	<u>5.7</u>
		<u>(8.6)</u>	<u>(9.2)</u>
6	TAX ON PROFIT ON ORDINARY ACTIVITIES	1990 £'m	1989 £'m
	Taxation credit based on the taxable loss for the year:		
	United Kingdom Corporation Tax at 35% (1989 - 35%)	(2.9)	(3.2)
	Transfer (from)/to deferred taxation at 35% (1989 - 35%)	-	0.1
		<u>(2.9)</u>	<u>(3.1)</u>
7	EXTRAORDINARY ITEMS	1990 £'m	1989 £'m
	Extraordinary gains		
	Sale of unlisted investment	-	0.2
	Sale of investment in subsidiary	-	67.3
		<u>-</u>	<u>67.5</u>

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

8	DIVIDENDS	1990 £'m	1989 £'m
	Interims paid	3.6	69.6
	Final proposed	3.5	6.3
		7.1	75.9

9	TANGIBLE FIXED ASSETS	Leasehold Improvements £'m	Computer Equipment £'m	Plant and Equipment £'m	Total £'m
	Cost				
	At beginning of year	0.6	0.4	0.6	1.6
	Additions	0.2	0.1	0.4	0.7
	Disposals	-	-	(0.2)	(0.2)
	At end of year	0.8	0.5	0.8	2.1
	Depreciation				
	At beginning of year	0.1	0.1	0.2	0.4
	Depreciation for the year	0.1	0.1	0.1	0.3
	Disposals	-	-	(0.1)	(0.1)
	At end of year	0.2	0.2	0.2	0.6
	Net book value at end of year	0.6	0.3	0.6	1.5
	Net book value at beginning of year	0.5	0.3	0.4	1.2

10	INVESTMENTS	Subsidiaries £'m
	At beginning and end of year	399.8

Information relating to the principal investments is included on pages 15 and 16.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

11 DEBTORS	1990 £'m	1989 £'m
Amounts owed by fellow subsidiary companies outside the RTZ Pillar Limited Group	0.1	-
Amounts owed by subsidiary companies	115.4	114.3
Amounts owed by parent company	51.5	51.3
Other debtors	0.2	0.8
Corporation tax	2.9	3.1
	170.1	169.5

All amounts above are receivable within one year.

12 CREDITORS	1990 £'m	1989 £'m
Amounts owed to subsidiary companies	155.5	163.2
Amounts owed to fellow subsidiary companies outside the RTZ Pillar Limited Group	-	0.8
Other creditors	0.9	0.8
Proposed final dividend	3.5	6.3
	159.9	171.1

13 DEFERRED TAXATION

a) The provision for deferred taxation represents the full potential liability in respect of accelerated capital allowances and other timing differences.

b) The movements on the provision for deferred taxation during the year were as follows:

	£'m
Provision at beginning of year	0.1
Transfer to tax on profit on ordinary activities	-
Provision at end of year	0.1

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

14 SHARE CAPITAL

	1990 £'m	1989 £'m
Authorised share capital: 320,000,000 (1989 320,000,000), Ordinary Shares of £1 each	320.0	320.0
Issued, called up, and fully paid share capital: 320,000,000 (1989 320,000,000), Ordinary Shares of £1 each	320.0	320.0

15 OTHER FINANCIAL COMMITMENTS

At December 31 1990, the Company had annual commitments of £689,000 (1989 - £313,000) under non-cancellable operating leases of land and buildings which expire in more than one year but less than five years.

16 CONTINGENT LIABILITY

Under a group banking arrangement bank balances of £11,692,420 form part of an offset arrangement, which could be used to settle the overdrafts of other companies within the group.

17 GROUP ACCOUNTS

The Company is itself a wholly owned subsidiary of another company incorporated in England and group accounts have not been prepared.

18 ULTIMATE HOLDING COMPANY

The RTZ Corporation PLC, incorporated in England, is the Company's ultimate holding company.

RTZ PILLAR LIMITED

PRINCIPAL SUBSIDIARY COMPANIES AT 31 DECEMBER 1990

Pillar Building Products Limited

Acorn Exal Limited
Air Diffusion Devices Limited
Beta Naco Limited #
Catnic Limited #

Duraflex Limited
Estabelecimentos Manuel Ferreira,
Lda, (Portugal)
European Profiles Limited
Filon Products Limited
Glostal Limited
Grada International NV (Belgium)
Indalex Limited

Inter Profiles Aktieselskab (Denmark) (75.2%)
Mellowes Archital Limited
Pillar Naco Industries (Europe) Srl (Italy)
Pillar Portuguesa (Aluminio), Portalex,
S.A. (Portugal)
Pillar-Wedge Group Limited (73.6%)
Precision Metal Forming Limited
RTZ Extruders Limited

Streamline Building Products Limited
Tecnilaca - Lacagem De Metais, Lda
(Portugal)

Aluminium anodising and paint finishing
Air diffusion devices
Aluminium louvre doors and ventilation grilles
Steel lintels, garage doors and plasterers'
products
Aluminium and UPVC double glazing systems

Aluminium systems profile stocking and finishing
Roll-formed steel sheeting
Roll-formed GRP sheeting
Architectural aluminium systems
Air diffusion devices
Extruding, anodising, painting and
fabricating aluminium
Roll-formed steel sheeting
Aluminium and steel windows and doors
Louvre windows and sunbreakers

Aluminium extrusion
General galvanising
Roll-formed steel sheeting
Extruding, anodising, painting and
fabricating aluminium
Glassfibre reinforced gypsum panels

Metal finishing

Pillar Electrical Pic

Andrew Chalmers & Mitchell Limited (Scotland)
Davis Alumex Lighting Limited (Scotland)
Digital Audio Limited
Duraplug Electricals Limited
Ega Limited
Esser Sicherheitstechnik GmbH (Germany)
V&E Friedland Limited

Gent Limited #
Giflex Limited #
MK Electric Limited

Superswitch Electric Appliances Limited #
Trend Control Systems Limited #

Hazardous area lighting, floodlighting and
amenity lighting
Architectural and commercial lighting systems
Intrusion security and communication systems
Resilient portable wiring devices
Cable management systems
Fire alarm and intrusion security systems
Domestic bells and chimes and sound
signalling equipment
Fire detection and alarm systems
Cable management systems
Wiring devices, circuit protection and cable
management systems
Consumer security and control products
Advanced building management systems

RTZ PILLAR LIMITED

PRINCIPAL SUBSIDIARY COMPANIES AT 31 DECEMBER 1990 (Cont'd)

Pillar Engineering Limited

Attewell-Mycroshims Limited
Aviation Engineering & Maintenance Limited
Ellay Enfield Tubes Limited
Frank Parker & Co. Limited

H+S Aviation Limited

John Lee (Sacks) Limited

MBS Distribution Limited
Peak Engineering Company Limited
Pillar Engineering Supplies Limited
Pneumatic Components Limited

Pressweld Limited
Protofram Limited
RTZ Metal Stockholders Limited
The Skipper Group Limited
Stedall (Vehicle Fittings) Limited

W.G. Strachan & Co. Limited

Manufacture of metal laminates and shims
Overhaul and repair of aircraft components
Non-ferrous tube manufacturing
Distribution of contractors' tools,
protective clothing and equipment
Overhaul and repair of aero engines and
components
Manufacture and merchandising of sacks and
bags
Distribution of industrial fastenings
General precision engineering
Distribution of engineers' tools and equipment
Manufacture of garage equipment and motor
accessories
Manufacture of aluminium trim components
Distribution of engineers' hand tools
Metal stockholding
Car and commercial vehicle dealer
Distribution of commercial vehicle body
fittings
Distribution of contractors' and engineer's
tools, equipment and fastenings

NOTE:

1. The companies are registered in England unless otherwise shown.
2. Pillar Building Products Limited, Pillar Electrical Plc and Pillar Engineering Limited are immediate subsidiaries. The other companies are subsidiaries of one of these three companies, as shown.
3. Except where otherwise indicated, subsidiaries are wholly-owned. The existence of more than one class of share capital is indicated by #.