

3 The companies/assets concerned in the mergers

The mergers

3.1. The companies/assets concerned in the mergers are Cook, certain assets of Lake & Elliot, namely the Paramount foundry (excluding land and buildings) at Braintree, Essex, Lloyds (Burton) and certain assets of Aurora plc (a subsidiary of ANI), namely the Armadale Steel Works at Armadale, West Lothian. The mergers occurred on 22 November 1989 when the Paramount assets were acquired from Lake & Elliot, on 17 January 1990 when the whole of the share capital of Lloyds (Burton) was acquired from F H Lloyd, and on 9 March 1990 when the Armadale assets were acquired from ANI. Cook cannot unilaterally rescind the contracts of sale.

3.2. Lloyds (Burton) is being continued as a separate business within Cook, but the Armadale and Paramount assets will be transferred to and absorbed by other companies in Cook. After the mergers were referred to us Cook gave certain undertakings to the Secretary of State. The undertakings are shown at Appendix 3.1.

William Cook plc

3.3. Cook was founded in 1902 as a private company under the name of William Cook and Sons (Sheffield) Ltd. The latter company's name was changed in 1982 to William Cook & Sons (Sheffield) Plc and in 1986 to William Cook plc. Cook became a public company in 1956 and in 1981, when its annual turnover was £4.0 million, Andrew Cook, the present Chairman and Chief Executive, took over the running of the business. Between 1982 and 1986 turnover increased from £4.0 million to £10.4 million by means of organic growth.

3.4. By 1986, as there was little further scope for increasing production internally Cook turned to growth by acquisition. Between the end of 1986 and 1990 the following acquisitions were made:

<i>Selling company</i>	<i>Company/assets acquired</i>	<i>Date of acquisition</i>
Weir Group	Catton, Leeds O H Hi-Tec, Sheffield Jopling, Sunderland Weir Fabrications, Barnsley (subsequently renamed Atlas Fabrications) Holbrook Precision Castings, Sheffield	November 1986 December 1986
David Brown Group	David Brown foundries, Penistone	June 1988
Robert Hyde & Son Ltd	Robert Hyde, Chesterfield	January 1989
Neepsend Plc	Neepsend Castings (Sheffield) Ltd	February 1989
Shareholders of George Blair plc	George Blair plc (Blair) (Blair, Newcastle) (Blair, Towlaw) (Blair, Stanhope)	July 1989
Crane Co (USA)	Blackett Hutton & Co Ltd, Guisborough (Blackett Hutton)	September 1989
Lake & Elliot	Certain assets of Paramount Foundry, Braintree*	November 1989
Triplex Lloyd Plc/ F H Lloyd Holdings plc	Lloyds (Burton) Limited, Burton*	January 1990
ANI/Aurora plc/NBSG	Armadale Steel Works, Armadale*	March 1990

Source: Cook submission and other published information.

*Subject of the merger inquiry.

3.5. Of the companies acquired prior to November 1989 not all were carried on in their original state. The Jopling foundry was closed down shortly after acquisition. Atlas Fabrications was subsequently disposed of in January 1989. In June 1988, on the purchase of the David Brown foundry and site at Penistone, the Hi-Tec business was moved there and merged with the David Brown business. The Robert Hyde foundry at Chesterfield was amalgamated with the Cook subsidiary, William Cook Steel Castings Ltd (WCSC), shortly after acquisition. Part of the Neepsend business was immediately disposed of after acquisition and the remainder merged into the Holbrook Precision Castings business.

3.6. Details of the reference assets/company acquired, the type of business and the prices paid are given below. Paramount was acquired by a specially-formed Cook subsidiary, Braintree Foundries Ltd. The site of the foundry was not included in the sale but leased to Cook for a 12-month period expiring in November 1990. The intention is to relocate and integrate the business, excluding most of the employees, with Lloyds (Burton), Hi-Tec, Holbrook and Blackett Hutton. Lloyds (Burton) is and will be operated as a separate and autonomous unit, like the other Cook subsidiary companies. The Armadale foundry was virtually shut down prior to the acquisition but has carried on rectification work for the vendors which is expected to cease by end July. Cook's intention is that certain assets (principally a furnace) will be removed to and integrated within the Hi-Tec foundry at Penistone. Including the Lloyds (Burton) workforce but excluding the Paramount employees, Cook currently employs about 3,100 people.

<i>Name</i>	<i>Assets/company acquired</i>	<i>Nature of business</i>	<i>Price paid £'000</i>
Paramount	Plant and equipment, stock, goodwill, patterns, 225 employees (machine shop, Billingham tooling, debts, expressly excluded)	Light high integrity castings max weight 1 tonne	1,350 (cash)
Lloyds (Burton)	Entire share capital	Commercial castings 50% manganese steel, 50% carbon/low alloy. Specialises in crusher/shredder market (manganese steel). Also produces castings for construction plant, valves, tank tracks. Can make extremely complex and large castings and tank turrets.	5,700 plus/minus a completion adjustment (cash raised by Cook rights issue)
Armada	Land, goodwill, know-how, certain items of plant and equipment	Heavy high integrity castings for power generating, heavy electrical equipment, pumps, oilfield equipment, general engineering max weight 25 tonnes	650 (cash)

3.7. The consolidated financial results of Cook for the six financial periods ended 31 March 1990 are given in Appendix 3.2. A summary of the five periods ended 31 March 1990 is shown in Table 3.1. The land and buildings of Catton, Holbrook, Hi-Tec and WCSC were transferred to a wholly-owned subsidiary of Cook, William Cook Properties Ltd, during the year ended 31 March 1990. This has resulted in tangible fixed assets in each of these subsidiary companies being replaced by current assets in the form of an inter-company loan, and operating profits being reduced by the rental charges made by the group property company for the year. Prior to transfer, the properties concerned were revalued and on transfer the profits arising on revaluation were credited to the respective transferor companies' profit and loss accounts as exceptional profits. However, following an adjustment on consolidation there is no effect in the group accounts. The results for the year ended 31 March 1990 include approximately two months (February/March) for Lloyds (Burton) and approximately four months (December/March) for Paramount.

TABLE 3.1 **Cook: summary of financial results**

	<i>Period ended</i>				
	<i>31 March 1986</i>	<i>4 April 1987</i>	<i>2 April 1988</i>	<i>1 April 1989</i>	<i>31 March 1990</i>
Turnover (£'000)	10,361	25,200	43,281	58,984	112,349
Operating profit/(loss) (£'000)	1,298	1,627	2,243	5,849	11,362
Average capital employed (£'000)	4,156	9,780	16,936	21,523	37,333
Net funds generated/(expended) (£'000)	732	1,450	(223)	2,904	1,026
Return on turnover (%)*	12.5	6.5	5.2	9.9	10.1
Net margin (%)**	11.6	5.8	3.9	8.6	8.5
Return on average capital employed (%)	31.2	16.6	13.2	27.2	30.4
Capital gearing (%)***	Nil	21.2	40.6	30.4	44.1
Capital expenditure (£'000)	647	1,731	1,984	5,023	5,974

Source: Cook.

*Operating profit expressed as a percentage of turnover.

**Net profit after interest and before tax expressed as a percentage of turnover.

***Net borrowings as a percentage of equity.

William Cook Steel Castings Ltd

3.8. WCSC manufactures commercial castings principally for mining, quarrying, earth-moving and construction and is the original Cook operating company. Its financial results (which incorporate those of Robert Hyde for 1990 only) for the five accounting periods ended 31 March 1990 are summarised in Table 3.2.

TABLE 3.2 Summary of financial results

	<i>Period ended</i>				
	<i>31 March 1986</i>	<i>4 April 1987</i>	<i>2 April 1988</i>	<i>1 April 1989</i>	<i>31 March 1990</i>
Turnover (£'000)	10,361	12,420	13,294	13,867	25,673
Operating profit/(loss) (£'000)	1,298	989	974	2,053	2,487
Average capital employed (£'000)	4,156	3,874	4,295	4,823	4,469
Return on turnover (%)*	12.5	8.0	7.3	14.8	9.7
Net margin (%)**	11.6	6.5	7.2	15.6	14.0
Return on average capital employed (%)	31.2	25.5	22.7	42.6	55.7
Capital expenditure (£'000)	647	1,226	453	3,055	2,988

Source: Cook.

*Operating profit expressed as a percentage of turnover.

**Net profit after interest and before tax expressed as a percentage of turnover. Net margin for period ended 31 March 1990 reflects exceptional profits of £1.0 million on realisation of revaluation of properties; excluding these exceptional profits, net margin would be 9.9 per cent. 1990 also reflects rental charges of £0.4 million and reduction in depreciation of £0.1 million following transfer of properties; excluding these items also, net margin would be 11.4 per cent.

Catton & Company Ltd

3.9. Catton produces commercial castings for valves, tank tracks, and heavy excavation and other construction equipment. The financial results for the five accounting periods ended 31 March 1990 are summarised in Table 3.3.

TABLE 3.3 Summary of financial results

	<i>Period ended</i>				
	<i>27 December 1985*</i>	<i>4 April 1987**</i>	<i>2 April 1988</i>	<i>1 April 1989</i>	<i>31 March 1990</i>
Turnover (£'000)	22,303	30,980	20,663	29,111	35,505
Operating profit/(loss) (£'000)	1,091	1,859	1,068	2,759	3,142
Average capital employed (£'000)	N/A	9,407	9,298	9,334	6,330
Return on turnover (%)§	4.9	6.0	5.2	9.5	8.8
Net margin (%)§§	3.9	3.8	4.7	6.6	21.7
Return on average capital employed (%)	N/A	19.8	11.5	29.6	49.6
Capital expenditure (£'000)	N/A	490	936	525	760

Source: Cook.

*Prior to acquisition.

**Approximately 12 months pre- and three months post-acquisition.

§Operating profit expressed as a percentage of turnover.

§§Net profit after interest and before tax expressed as a percentage of turnover. Net margin for the period ended 31 March 1990 reflects exceptional profits of £5.4 million on realisation of revaluation of properties; excluding these exceptional profits, net margin would be 6.5 per cent. 1990 also reflects rental charges of £0.8 million and reduction in depreciation of £0.2 million following transfer of properties; excluding these items also, net margin would be 8.3 per cent.

Holbrook Precision Castings Ltd

3.10. Holbrook manufactures small high integrity and small commercial castings for the light engineering industry. The financial results for the five accounting periods ended 31 March 1990 are summarised in Table 3.4.

TABLE 3.4 **Summary of financial results**

	<i>Period ended</i>				
	<i>27 December 1985*</i>	<i>4 April 1987**</i>	<i>2 April 1988</i>	<i>1 April 1989</i>	<i>31 March 1990</i>
Turnover (£'000)	6,466	8,193	6,643	8,149	9,779
Operating profit/(loss) (£'000)	494	665	565	1,116	1,171
Average capital employed (£'000)	N/A	2,176	2,180	2,105	1,599
Return on turnover (%)§	7.6	8.1	8.5	13.7	12.0
Net margin (%)§§	6.4	7.5	8.0	13.6	24.2
Return on average capital employed (%)	N/A	30.6	25.9	53.0	73.2
Capital expenditure (£'000)	N/A	243	150	185	432

Source: Cook.

*Prior to acquisition.

**Approximately 12 months pre- and three months post-acquisition.

§Operating profit expressed as a percentage of turnover.

§§Net profit after interest and before tax expressed as a percentage of turnover. Net margin for the period ended 31 March 1990 reflects exceptional profits of £1.2 million on realisation of revaluation of properties; excluding these exceptional profits, net margin would be 11.5 per cent. 1990 also reflects rental charge of £0.2 million following transfer of properties; excluding this item also, net margin would be 13.5 per cent.

Hi-Tec Integrity Castings Ltd

3.11. Hi-Tec manufactures large high integrity castings for the power-generating and offshore industries. The financial results for the five accounting periods ended 31 March 1990 are summarised in Table 3.5.

TABLE 3.5 **Summary of financial results**

	<i>Period ended</i>				
	<i>27 December 1985*</i>	<i>4 April 1987**</i>	<i>2 April 1988</i>	<i>1 April 1989</i>	<i>31 March 1990</i>
Turnover (£'000)	1,466	1,836	1,795	4,766	7,607
Operating profit/(loss) (£'000)	83	48	125	(21)	(26)
Average capital employed (£'000)	N/A	493	303	1,736	4,208
Return on turnover (%)§	5.7	2.6	7.0	(0.4)	(0.3)
Net margin (%)§§	2.6	(2.2)	4.0	(2.3)	4.2
Return on average capital employed (%)	N/A	9.7	41.3	(1.2)	(0.6)
Capital expenditure (£'000)	N/A	N/A	240	1,019	486

Source: Cook.

*Prior to acquisition.

**Approximately 12 months pre- and three months post-acquisition.

§Operating profit expressed as a percentage of turnover.

§§Net profit after interest and before tax expressed as a percentage of turnover. Net margin for the period ended 31 March 1990 reflects exceptional profits of £0.9 million on realisation of revaluation of properties; excluding these exceptional profits, net margin would be 7.2 per cent. 1990 also reflects rental charge of £0.2 million following transfer of properties; excluding this item also, net margin would be 4.1 per cent.

George Blair Ltd

3.12. The Blair foundries produce general commercial castings and in particular castings for the defence and transport industries. The financial results for the five accounting periods ended 31 March 1990 are summarised in Table 3.6; results for the year 1990 cover eight months post-acquisition trading, but Cook states that no accounts for the pre-acquisition period April to July 1989 are available.

TABLE 3.6 Summary of financial results

	<i>Period ended</i>				
	<i>29 March 1986*</i>	<i>28 March 1987*</i>	<i>2 April 1988*</i>	<i>1 April 1989*</i>	<i>8 months to 31 March 1990**</i>
Turnover (£'000)	19,393	15,771	18,006	25,523	23,074
Operating profit/(loss) (£'000)	1,116	1,181	1,505	2,090	3,311
Average capital employed (£'000)	3,721	4,167	4,303	4,878	5,291
Net funds generated/(expended) (£'000)	(99)	720	1,153	206	N/A
Return on turnover (%)§	5.8	7.5	8.4	8.2	14.3
Net margin (%)§§	4.0	6.1	7.3	7.5	14.1
Return on average capital employed (%)	30.0	28.3	35.0	42.8	-

Source: Cook.

*Prior to acquisition.

**8 months post-acquisition profits and turnover.

§Operating profit expressed as a percentage of turnover.

§§Net profit after interest and before tax expressed as a percentage of turnover.

Blackett Hutton and Company Ltd

3.13. The Blackett Hutton foundry produces medium high integrity castings in carbon, low alloy and stainless steel for lifting equipment, valves, and other industries. The financial results for the five accounting periods ended 31 March 1990 are summarised in Table 3.7. Results for the year 1990 cover seven months post-acquisition trading.

TABLE 3.7 Summary of financial results

	<i>Period ended</i>				
	<i>31 December 1986*</i>	<i>31 December 1987*</i>	<i>31 December 1988*</i>	<i>8 months to 1 September 1989*</i>	<i>7 months to 31 March 1990**</i>
Turnover (£'000)	3,835	4,084	4,222	2,946	3,383
Operating profit/(loss) (£'000)	(25)	(44)	(207)	(20)	326
Average capital employed (£'000)	1,652	1,676	1,672	1,638	1,995
Return on turnover (%)§	(0.6)	(1.1)	(4.9)	(0.7)	9.6
Net margin (%)§§	(0.6)	(1.1)	(4.9)	(0.7)	9.6
Return on average capital employed (%)	(1.5)	(2.6)	(12.4)	-	-

Source: Cook.

*Prior to acquisition.

**Seven months post-acquisition profits and turnover.

§Operating profit expressed as a percentage of turnover.

§§Net profit after interest and before tax expressed as a percentage of turnover.

Paramount

3.14. The Paramount foundry was originally one of two foundries owned by Lake & Elliot Plc. The other foundry at Leven in Fife was subject to a management buy-out in 1983 and now trades as Glencast Ltd. In 1986 Paramount was first offered to Cook who did not at that time consider that the business could either be operated profitably or be easily transferred to one of the existing Cook group companies. Lake & Elliot Plc was acquired by Suter plc in 1987 and later that year was acquired by Mr Martyn Meade. About a year later it was merged with assets transferred from the former APV

Holdings Paramount Foundry at Crawley which he had also acquired. APV Paramount also owned a tube-spinning foundry in Billingham. Mr Meade had concluded that, although the Billingham foundry could be operated successfully, the Paramount foundry at Braintree would continue to lose money. He, therefore, decided to transfer the production of certain tube fittings from Paramount to Billingham, retain the machine shop at Paramount and to dispose of the rest of the foundry business. Cook was approached and agreed to buy the business but was not interested in acquiring the site which was therefore retained for redevelopment.

3.15. Little financial information is available prior to the acquisition by Mr Meade but a summary of the results during his ownership is given in Table 3.8, which also shows approximately four months of post-acquisition trading under Cook ownership. Cook states that no accounts for the pre-acquisition period September to November 1989 are available.

TABLE 3.8 Summary of financial results

	<i>Year to 31 March 1988*</i>	<i>Year to 31 March 1989*</i>	<i>5 months to 31 August 1989*</i>	<i>4 months to 31 March 1990**</i>
Turnover (£'000)	4,146	5,651	3,241	2,794
Operating profit/(loss) (£'000)	(171)	(998)	139	137
Average capital employed (£'000)	N/A	3,714	4,179	2,688
Net funds generated/(expended) (£'000)	(316)	(1,795)	195	N/A
Return on turnover (%)§	(4.1)	(17.7)	4.3	4.9
Net margin (%)§§	(5.6)	(22.4)	0.7	3.8
Return on average capital employed (%)	N/A	(26.9)	-	-

Source: Cook.

*Prior to acquisition by Cook.

**Post-acquisition by Cook.

§Operating profit expressed as a percentage of turnover.

§§Net profit after interest and before tax expressed as a percentage of turnover.

Lloyds (Burton)

3.16. Lloyds (Burton) is the only remaining steel foundry of the three foundries which were once part of the F H Lloyd Group (F H Lloyd). F H Lloyd was at one time the largest steel foundry business in Europe but fell into a severe decline in the 1980s, resulting in the closure of the Wednesbury foundry in 1982 and the Parker foundry at Derby in 1987. Shortly before the closure of the Parker foundry, F H Lloyd was acquired by Triplex plc to form Triplex Lloyd plc (Triplex Lloyd). Although Lloyds (Burton) was trading profitably, by 1989 it was no longer relevant to the Triplex Lloyd strategy. When an offer was received from Cook, Triplex Lloyd was therefore willing to dispose of the business. Lloyds (Burton) was at the time of its acquisition the second largest steel castings producer in the United Kingdom after Cook.

3.17. The financial results for the six accounting periods ended 31 March 1990 are given in Appendix 3.3, the latest five of which are summarised in Table 3.9; however, results for the year 1990 cover approximately two months of post-acquisition trading and Cook states that no accounts for the pre-acquisition period April 1989 to January 1990 are yet available.

TABLE 3.9 Summary of financial results

	Period ended				2 months to 31 March 1990**
	29 March 1986*	28 March 1987*	31 March 1988*	31 March 1989*	
Turnover (£'000)	15,184	15,048	16,145	20,388	4,550
Operating profit/(loss) (£'000)	922	957	975	1,639	544
Average capital employed (£'000)	4,384	3,699	3,730	1,038***	4,240§
Net funds generated/(expended) (£'000)	602	(260)	961	857	N/A
Return on turnover (%)§§	6.1	6.6	6.0	8.0	11.9
Net margin (%)§§§	6.1	6.6	2.7	2.6	12.1
Return on average capital employed (%)	21.0	25.9	26.1	157.9	-

Source: Cook.

*Prior to acquisition.

**Post-acquisition.

***The reduction in average capital employed in 1989 arises mainly from an increase in amounts owed to group companies in that year. Sums owed to group companies were: 1988 £1.7 million; 1989 £7.5 million; and 1990 £0.1 million.

§Increase in average capital employed includes revaluation of land and buildings on acquisition.

§§Operating profit expressed as a percentage of turnover.

§§§Net profit after interest and before tax expressed as a percentage of turnover.

Armadale

3.18. NBSG operated two foundries in West Lothian, one at Bathgate and the other at Armadale. Until 1988 NBSG was largely owned and managed by the Menzies family. In that year they accepted an offer from Aurora of Sheffield and the sale was completed in August 1988. Aurora was itself immediately subject to a hostile bid from ANI and that acquisition was completed in December 1988. In June 1989 48 per cent of ANI's ordinary issued share capital was acquired by Consolidated Press Securities Ltd of Australia. After August 1989 NBSG was effectively managed by Bradken Consolidated, a division of ANI which is itself the largest steel foundry operation in Australia. The new management then decided to dispose of NBSG. After the failure of an attempt to sell NBSG to Lake & Elliot, ANI decided to retain the Bathgate foundry and dispose of Armadale. Certain production plant required to produce railway track castings was transferred to the Bathgate foundry and the remaining plant at Armadale was sold to Cook.

3.19. The manner in which ANI sought offers for Armadale became a matter of public concern in Scotland. One major worry was that inadequate time had been given for a bid to be assembled which might, if the enterprise had been successful, have preserved Armadale as a going concern. Because of this, we have examined the events leading up to the sale of Armadale in Appendix 3.4 and our conclusions on this matter are set out in paragraphs 6.48 and 6.49.

3.20. Virtually no separate financial information is available in respect of the Armadale part of the NBSG except for certain management accounting data which show that turnover for the ten months to 30 April 1990 was £12.3 million of which £6.1 million (49.6 per cent) was attributable to Armadale. During that ten-month period Armadale made an estimated operating loss of £1.1 million. Table 3.10 summarises the NBSG financial results from 3 October 1986 to 30 June 1989, covering the Armadale and Bathgate foundries up to 31 December 1988 and those two foundries plus the transferred Edgar Allen foundry assets after 31 December 1988.

TABLE 3.10 NBSG: summary of financial results

	<i>Year to 3 October 1987</i>	<i>15 months to 31 December 1988*</i>	<i>6 months to 30 June 1989</i>
Turnover (£'000)	10,856	12,587	7,066
Operating profit/(loss) (£'000)	(779)	(2,003)	(386)
Average capital employed (£'000)	4,623	8,153	11,101
Return on turnover (%)*	(7.2)	(15.9)	(5.5)
Net margin (%)**	(9.6)	(18.0)	(6.0)
Return on average capital employed (%)	(16.9)	(24.6)	-

Source: Aurora.

*Period during which NBSG was acquired by ANI.

**Operating profit expressed as a percentage of turnover.

***Net profit after interest and before tax expressed as a percentage of turnover.

Cooktrend of financial ratios

3.21. Published comparisons of financial performance of steel producers, included in the 1990 ICC Business Ratio Report on Steel Producers, show Cook to have a relatively high performance in a number of ratios for the industry. Certain financial ratios given in the preceding paragraphs (return on turnover and return on capital employed) in respect of the pre-reference acquisitions are summarised in Table 3.11. The ratios for the latest financial year (to 31 March 1990) have been affected by the transfers of land and buildings to William Cook Properties Ltd and the consequent rentals paid, referred to in paragraph 3.7. To facilitate comparison with previous years the 1990 results have been adjusted to demonstrate the ratios that would have been applicable had the property transfers not taken place. Of the three companies acquired from the Weir Group Catton, Holbrook and Hi-Tec the return on turnover and capital employed in respect of Catton and Holbrook show considerable improvement since the year prior to acquisition, with a steadily rising trend since that date. Similar success has not been achieved with the third Weir Group acquisition shown Hi-Tec since the business acquired did not include the foundry site which had to be vacated by August 1988. A new site had to be found if Cook was to develop its capability of producing high integrity castings. This resulted in the acquisition of the David Brown site at Penistone in June 1988. Since that date capital expenditure amounting to over £1.5 million has been incurred with further expenditure of £2 million planned. Therefore, profitable returns on this foundry will take another year or two to achieve although results for the year to 31 March 1990 show that improvement has begun. Of the two remaining pre-reference acquisitions Blair and Blakett Hutton insufficient time has elapsed since acquisition date for any meaningful comment to be made on the results.

TABLE 3.11 Cook subsidiaries: trend of financial ratios

	<i>Year ended 27 December 1985*</i>	<i>15 months to 4 April 1987**</i>	<i>Year ended 1 April 1988</i>	<i>Year ended 1 April 1989</i>	<i>per cent Year ended 31 March 1990</i>
<i>Catton</i>					
Return on turnover (Before property transfer	4.9	6.0	5.2	9.5	8.8 10.6)
Return on average capital employed (Before property transfer	N/A	19.8	11.5	29.6	49.6 38.9)
<i>Holbrook</i>					
Return on turnover (Before property transfer	7.6	8.1	8.5	13.7	12.0 14.0)
Return on average capital employed (Before property transfer	N/A	30.6	25.9	53.0	73.2 52.2)
<i>Hi-Tec</i>					
Return on turnover (Before property transfer	5.7	2.6	7.0	(0.4)	(0.3) 2.7)
Return on average capital employed (Before property transfer	N/A	9.7	41.3	(1.2)	(0.6) 4.9)

*Pre-acquisition.

**Approximately 12 months pre- and 3 months post-acquisition.

	<i>29 March 1986*</i>	<i>28 March 1987*</i>	<i>Period ending 2 April 1988*</i>	<i>31 March 1989*</i>	<i>per cent 31 March 1990**</i>
<i>Blair</i>					
Return on turnover	5.8	7.5	8.4	8.2	14.3
Return on average capital employed	30.0	28.3	35.0	42.8	-

*Pre-acquisition.

**Based on eight months post-acquisition profits and turnover.

	<i>31 December 1986*</i>	<i>Year to 31 December 1987*</i>	<i>31 December 1988*</i>	<i>8 months to 1 September 1989*</i>	<i>per cent 31 March 1990**</i>
<i>Blackett Hutton</i>					
Return on turnover	(0.6)	(1.1)	(4.9)	(0.7)	9.6
Return on average capital employed	(1.5)	(2.6)	(12.4)	-	-

Source: Cook.

*Pre-acquisition.

**Based on seven months post-acquisition profits and turnover.