

CHAPTER XXI

In his 1941 address to the shareholders Sir Harold followed his references to Mr. Tutin's absence by making the chairman's traditional review of the annual accounts. He laid special emphasis on the expansion of the business due to wartime commitments and on the greater financial resources which this required; in his view this was the main feature of the balance sheet. The assets of the company appeared to have increased by some £60,000 and stock and work-in-progress by over £50,000. This growth had been financed to the extent of £39,000 by the realisation of cash resources and the raising of an overdraft, to the extent of £13,000 by an increase in creditors and reduction of debtor accounts, and by £8,000 from accruing profits. Satisfactory arrangements had been made with the bank and the company had been able to keep well within the limits agreed. Although at £33,000 the nett profit was well below that of the previous year, the drop in income tax and the fact that the standard at which excess profits tax was levied had not been achieved, had reduced the tax liability by £22,000; and as a result, the directors felt able to maintain the ordinary dividend at the same rate of 25%. In 1939 the distribution had amounted to 17% free of tax but by 1941 the standard rate was 10/- in the pound so that the nett result was a payment of £8,358 in comparison with £11,362 in the last year before the war. At the end of his address Sir Harold commented on the operations of the company and the concentration on government works of all kinds. He referred to the troubles being encountered on the manufacturing side arising out of the shortage of various materials and the difficulty in obtaining deliveries, in particular of Iron Fireman imported parts, although turnover in other products, such as pumps, had increased.

The agreement with the Iron Fireman Company granted manufacturing rights only on condition that all the gear-boxes were purchased from America, although no royalties were payable. At the outbreak of war it became illegal to import engineering parts without a licence, which, it was expected, might be difficult to obtain. In December 1939 the company had been successful in obtaining a licence for one consignment of stoker parts, but this met production requirements for two or three months only. Efforts had been made to obtain sanction for a further consignment, but in granting a second licence, in February, it was made clear by the Import Licensing Department that this would be the last. It became urgently necessary, therefore if stoker output was to continue, for the company to arrange for the manufacture of gear-boxes in this country, and

by the beginning of March orders had been placed with Moss Gears Ltd. This arrangement, however, proved abortive as that company were unable to fulfil orders placed after September 1940 due to having their production placed under government control. The position was a difficult one and the assembly of stokers began to slow down; but eventually an alternative source of supply was found after the company had been compelled to contribute a considerable sum towards initial production costs. At this time some difficulty was reported in obtaining supplies of suitable coal and this also may have been a cause of falling sales. The production of stokers continued throughout the war, although by 1944 output had become very low indeed, fewer than thirty being sold in that year.

Generally it can be said that in the works there was less deviation from normal production in the second world war than during the first. The pump department turned out thousands of stirrup pumps for civil defence but these were an adaptation of a standard semi-rotary pump, selling for about 30/- each. From July 1940 to the end of June 1942, 110,000 pumps were manufactured. The foundry continued to supply castings to certain established clients licensed to manufacture machine tools, such as Alfred Herbert of Coventry and W. H. A. Robertson of Bedford, among others; and overall the weight of castings produced during the war averaged about 2,700 tons per annum compared with under 2,000 tons immediately before the war. For the machine shop a contract was received for the machining of parts for the Sherman tank brake assembly which was produced by the Lockheed Hydraulic Brake Company and substantial contracts were also obtained from the Ministry of Works for heavy duty cooking equipment, the majority of which went to hospitals and military camps.

The output of the works was restricted to some extent by a marked shortage of skilled men, particularly moulders, which persisted throughout the war, although efforts were made to obtain the release of certain key personnel. The Essential Work Order made it difficult both for the company in replacing unsatisfactory hands and for the workmen themselves in obtaining their discharge if they wished to do so. These conditions led to certain labour troubles, notably in the pump assembly bay, where, in the summer of 1941, a strike was threatened. It became necessary to convene a conference with the unions and a revision of the bonus system went some way towards settling the dispute although arguments about pay and conditions continued for some time. Later in the war the management was reporting serious absenteeism among certain sections of employees; this may have been the result of sleepless nights although disturbance by enemy action was infrequent in comparison with many other industrial areas.

War-time conditions did not prevent the company from continuing the modernisation of the plant at Barkby Road although a shortage of financial resources restricted activities in this direction to some extent. There was also the difficulty in obtaining steel supplies which delayed certain desirable improvements in the foundry such as new cupola hoists and a conveyor plant. In 1941 a new 24" boring mill was purchased together with a number of Pneulec moulding machines; in addition the pattern store was extended and overhead sprinkler pipes installed. Other additions to plant and buildings were carried through although the renewal of the boiler plant, which had become urgent, had to be postponed until after the war. On the contracting side the London office was much enlarged in size by the purchase of No. 11 Great James Street for £3,300 in November, 1944, although at this time the staff were still at 37, Pembroke Square. Earlier in 1943, the Leeds office had been re-housed at 32, Headingley Lane, which had been bought for £1,000.

Although the war years up to 1944 showed a continual improvement in the company's results certain restrictions on profits were, of course imposed by a government anxious to avoid a situation, which had arisen with some justification during the war of 1914-18, when charges of profiteering could be levied against industrialists. The most important of these restrictions was the imposition of excess profits tax but a stringent government cost investigation was also instituted. The placing of all government contracts was subject to an inspection of the company's books and so far as Ashwell and Nesbit were concerned this took place at the end of 1941 under the auspices of the Ministry of Works and Buildings. It must be said that the directors disagreed strongly with some of the findings of the Ministry's auditors and, in a letter addressed to them, Austin Ashwell asserted that the company was not prepared to accept settlements of overheads and other points as concessions on the part of the Ministry. He could not agree that the salaries, fees, and commissions payable to directors and managers were excessive and that a reduction accepted here should be in the nature of a set off against "concessions" already made. The profit margin of $7\frac{1}{2}\%$ of capital employed certainly could not be regarded as a concession. Finally he suggested that the position should be discussed with Sir Harold Howitt. This request was granted and in early February the chairman had a meeting with officials of the Ministry at which some interim settlement was made, and a figure for calculating works overheads agreed. It is clear, however, that the government gained certain points; and, as an example, the company was forced to reduce the price of pumps supplied to civil defence by 10%.

There were, of course, few changes in the management and staff

during the war years. The board of directors remained unchanged although Joseph Adamson was appointed as a third "non-executive" director a few months after the end of hostilities. Meetings of directors were held regularly, alternately in Leicester and London, where, as Great James Street was not available and there was insufficient room at Pembroke Square, the board enjoyed the hospitality of Sir Harold, usually at his firm's offices in Ironmonger Lane. Occasionally meetings were held at the Air Ministry, where the chairman, in his capacity as a member of the Air Council, also had an office. Due to inevitable travelling difficulties it was not always possible for the Scottish contingent, James Playfair and Wallace Cowan, to attend, particularly when meetings were held at Leicester, but these occasions were rare and throughout the war Austin Ashwell enjoyed extremely loyal support from his colleagues.

CHAPTER XXII

"At our first meeting since the end of the war I think I should, before making my report for the past year, refer to the great feeling of thankfulness that I, and I am sure all of us, have that we are again able to go about our business in safety and that, as a company, we have escaped serious loss or damage. It is also a cause for congratulation that our plant has not been dislocated, nor its capacity to produce our normal output greatly impaired by war-time requirements. We are suffering like most other concerns, what I hope is a temporary loss of trade, owing to the change from war to peace..." Thus the chairman began his statement to the shareholders in October 1945 and it certainly can be said with truth that Ashwell and Nesbit came through the war largely unscathed.

The temporary loss of trade to which Sir Harold referred had been reflected in the annual accounts for the previous year. Indeed some recession had started in 1944 when the rate at which the government had been placing contracts, both for works products, and for heating and ventilating, began to slow down. The company's sales in the year 1944/5 fell by nearly £200,000 and profits were halved although fixed assets increased by over £7,000. The company's, liquid position, however, appeared sound and, it was expected, strong enough to withstand the demands which the after-war situation might make on cash resources. The chief obstacle to a rapid recovery of trade was the shortage of man-power, but it was hoped that the government would give priority in release from the services to those most urgently needed by industry.

The return to more stable conditions, however, proved to be a rather slower process than had been hoped. Even by the autumn of 1946 the man-power situation had improved very little and in the first full year of peace-time conditions, in spite of increases in the general level of remuneration, productive wages paid in the works fell by £10,000. In that year also there was a further drop in output and profits shrank to little over £9,000. It was not until 1948 that sales reached the level of the peak year of 1943 at just under £800,000 by which time the margin of profit had also increased substantially. In spite of optimism about the company's financial position the subject was constantly under review and full advantage was taken of the chairman's expertise in such matters. During the year 1945/46 over £17,000 was spent in the further modernisation of the foundry and £3,000 on the purchase of houses in Leicester to accommodate key workmen who were being brought from other parts of the country. In October 1945 the company bought over the freehold of 37 Pembroke Square, previously held on lease, for £4,000 and

although the property was subsequently sold at a considerable profit this sum had to be raised from current resources. These outgoings, on top of the normal cash requirements for running the business, made it necessary once again to look at the arrangements in force with the bank. Under the articles of association the borrowing powers of the directors were strictly limited and could only be increased with the sanction of the holders of first preference shares. In 1946 the limits imposed restricted the company to an overdraft of £30,000 and this was thought to be insufficient under post-war conditions if the business was to be developed and the productive capacity of the works brought up to modern standards. In March 1947, therefore, the necessary consent of shareholders was sought to increase the borrowing powers to £50,000, and this was formally granted. Previously an approach had been made to the bank on the question of obtaining special interest rates on the overdraft and a charge of $3\frac{1}{2}\%$ was agreed. By the spring of 1947 some dissatisfaction was being expressed with the cash flow and with the speed with which amounts owing to the company were being recovered; and instructions were given to apply more pressure on debtors.

In general the two accounting periods which ended in June 1947 were years of depression both on the manufacturing and on the contracting side. Sales remained at a comparatively low level and attempts to improve the flow of orders met with only limited success, but it is true to say that during the autumn and spring of 1946/47 the works increased output a great deal more rapidly than the heating and ventilating department. The accounts for the last year of the war indicated contracting sales of £410,000; two years later a drop of £16,000 was recorded, whereas in the works there was a rise of £22,000. During this period the production of iron castings went up by about 15% but the largest increase was in the sales of semi-rotary pumps which rose from an annual figure of 24,000 units to over 44,000. Iron Fireman stokers, however, proved more sluggish in recovery and in the immediate post-war years there was an acute shortage of graded coal suitable for this type of stoker which must have discouraged many potential customers. In the year 1946/47 only 170 machines were sold, compared with the number produced in the last year before the war, which, in fact, was not to be exceeded until 1954.

Under the terms of the agreement with the Americans the company was not authorised to sell abroad except in South Africa and some attempt was made to develop the business there in the light of the difficulties at home. The company's representative in the territory, R. H. Patterson, who had served in the armed forces, had difficulty in

re-establishing the trade after the war, and in the summer of 1945 a change was thought to be advisable. Eventually, after the company had taken advantage of an offer of help from Sir Harold, who was visiting South Africa in another capacity, an agreement was concluded with E. E. Dryden, who was an established engineering agent in Johannesburg. Although given the option of returning home Mr. Patterson wished to remain abroad and resigned from the service of Ashwell and Nesbit in March 1946.

The relationship with the Iron Fireman Manufacturing Company had, of course, been much changed by the war, and now that peace had once more returned it was obviously necessary to re-establish contact; and to this end Walter Charles made a visit to America in April 1946. The importation of stoker parts was still virtually impossible, but the American company, under its president, Mr. Banfield, fully understood the position and agreed to Ashwell and Nesbit continuing to manufacture the stoker without obligation until more normal trading terms could be resumed.

Following the cessation of war-time contracts the contracting department found itself in some difficulty, and in November 1945 a serious fall in orders was reported to the board. It was thought that, as housing was the first priority in post-war building, there was little capacity in the construction industry for the larger type of project with which the company would normally have been concerned. Work at the Balderton Mental Colony was resumed but the major reconstruction in industry and in the field of public works had not yet got under way. However there was a considerable amount of repair and maintenance work available and full advantage was taken of this.

In the early summer of 1947 the directors had under consideration the possibility of finding additional capital as there were fairly ambitious plans in the managing director's mind for further developments in the works and also for the removal of the Leicester contracting office to a separate establishment in the town, which he had long thought to be desirable for various reasons. After discussion and some correspondence with the chairman it became evident that the time was inopportune for raising any very large sum and that it would, therefore, be necessary to move slowly in pursuing these projects. The idea of moving the Leicester office was abandoned although some compromise was achieved by the establishment of a depot and stores in the Wharf Street area.

Now that the war had been over for some little time the chairman and Austin Ashwell began to give serious thought to the future of the

company and in particular to its management; they felt that some reconstruction of the board would be necessary and that this might involve the retirement of one or more of the older members to make way for the introduction of "young blood" into the executive. This was a weighty matter which requires some further attention from the writer. Meanwhile it should be put on record that in May 1945 Dick Jennings, having made up his mind to leave contracting and set up a career as a consulting engineer, had handed over the management of the Manchester office to Frank Lant, who was his obvious successor both in terms of seniority and service. This had caused a vacancy at Leeds which was filled by T. H. Dowell.

CHAPTER XXIII

The problems to which we have briefly referred above, and which began to exercise the minds of the chairman and managing director at the end of 1947, could not easily be resolved, and as time went on, Joseph Adamson, as the newest "non-executive" director, was drawn into the discussions on this subject. He himself was a man in his early forties and was, therefore, considerably younger than his colleagues, all of whom were over sixty and one of whom, James Playfair, had just turned seventy. Failing the introduction of a new outside director, which at this time was not under consideration, the only outstanding candidates for election to the board were J. T. Swift, who had been manager of the works for thirty-five years, and Walter Charles, who was in charge of the contracting and stoker departments at Leicester and who had been assistant to the managing director for the last ten years. The latter had been in the service of the company for forty-five years and was, by now, a prominent personality in the heating industry; in addition he had for some time been acting as the company's representative at proceedings of the Association of Heating and Ventilating Employers of which he had been president in 1939. Although they could not be said to represent "young blood" both being in the same age group as the directors themselves, it was hardly possible to overlook the powerful qualifications of these two men; and, indeed, as the renewal of his service agreement with the company was now due, J. T. Swift put his own claims forward fairly strongly.

In the absence of any response to a suggestion that Wallace Cowan might now retire one great difficulty presented itself; the articles of association limited the number of directors to seven and at this time there were already six men on the board. The chairman thought it undesirable to alter the articles and increase the representation, but at the same time it seemed inequitable to promote one of the two at the expense of the other. In April 1948 Sir Harold expressed the feeling that nothing should be done in a hurry and a suggestion of Joseph Adamson's that a "junior" board or committee of management should be formed was not greeted with much enthusiasm. However a further suggestion from the same source that a subsidiary company should be created for the works, with its own board of directors, received a much better response, certainly from the managing director. In fact he went further and put up the proposition that two subsidiary companies should be set up to deal with manufacturing and contracting respectively, which he saw as a solution to the main problem and also as a chance to give wider responsibilities to younger men. The chairman was more cautious but agreed to put the whole matter before Mellors Basden and Mellors, who, as the company's auditors, should be the first to be asked for advice on

such a problem. Through Paul Granger, the partner concerned with Ashwell and Nesbit's affairs they duly reported to the chairman on the 4th June. After setting out the financial and taxation implications in some detail with little comment Mr. Granger expressed the opinion that "in view of the costs involved it would appear to be inadvisable to form either one or two subsidiary companies where a substantial proportion of the holding company's assets are transferred thereto. Further, we are not clear as to the necessity for such a radical change in the company's organisation after its many years of successful trading." However in the next paragraph he suggested that "in order to deal with the matters raised so far as personnel are concerned two subsidiary companies should be formed each with a capital of, say, £5,000 and which would operate in the initial stages as operating companies for each department. These subsidiary companies would purchase all their requirements from the holding company at the same price at which they sold them. There would thus be no profit in the subsidiary companies. The authorised number of directors would be, say, six, and in the initial stages it is suggested that Mr. Ashwell should be chairman of each."

This report was considered by the board on the 24th June and, after a long discussion on that day and further correspondence between the principal parties concerned it was decided not to proceed with the establishment of subsidiary companies. The reservations which were felt about the wisdom of taking such a step and which were now accepted by Austin Ashwell were expressed in a letter from him to J. M. Playfair. In referring to the boards of the proposed subsidiary companies he wrote: ". . . would appointments to such boards be looked upon as promotion, or would it appear that the arrangement was more or less makeshift, and that the business transacted by the sectional boards would be by permission of, and allocation from, the holding board? Further, would management be made more rather than less difficult by taking this step? I certainly feel that if the sectional boards were not presided over by our chairman the main object of their formation would not be attained and they would be looked upon merely as managers' conferences."

After flirting with the idea of circumventing the articles of association by creating the new office of "special director" to be filled either by James Playfair or Wallace Cowan the board finally decided to appoint J. T. Swift to be the seventh director on the strict understanding that he would immediately accept the appointment of a young assistant who would be trained to take his place as works manager when the time came for his retirement. Meanwhile it was to be explained to Walter Charles firstly, that it was necessary to have works representation on the board, secondly, that there was only one vacancy, and, thirdly, that J. M. Playfair would retire at the end of 1949 and that it was very likely that he would then be elected. As it was, J. T. Swift's directorship dated from the first of January

1949 and at the same time the company took the first steps in finding suitable candidates for the position of assistant works manager. After the post had been advertised for a short time it was offered to the most likely possibility who, unfortunately, changed his mind at the last minute so that the search had to begin again. Eventually the appointment of A. E. Smith was confirmed in May. J. M. Playfair retired as expected and Walter Charles joined the board on the 9th March 1950. The former had handed over the management of the Glasgow office to F. W. Margrett some years previously and since the end of the war had found it increasingly difficult to travel from Scotland to meetings in the south. He was an elderly man and his health was becoming rather uncertain so that his fine record with the company had now to come to an end. His Scottish colleague Wallace Cowan, eventually followed him into retirement in 1952.

Apart from these problems concerning the board the managing director had also to deal with the situation which arose at Manchester following the resignation of the manager there, F. C. Lant, less than three years after he had succeeded Dick Jennings. At the end of April 1948 the decision was taken to bring S. H. Tirrell up from London to take over the office and this was announced to the board on the 13th May. Sam Tirrell had been on the London staff for thirty-three years, latterly as supervisor and outside representative and was known as a most effective salesman. His appointment at Manchester was to prove highly successful.

CHAPTER XXIV

After the post-war period of uncertainty and difficulty Ashwell and Nesbit began, in 1948, to recover much of the ground lost and entered a decade of prosperity in the "sellers market" created by the need for rapid reconstruction in industry and the public services. In that year the volume of sales exceeded £750,000 and two years later output topped the million mark with nett profit before tax at over £100,000 which was nearly £30,000 above the highest previously achieved. By 1950 contracting turnover made up well over three quarters of the company's total whereas three years before the proportion had been little more than half; this is not to say that manufacturing sales had declined although they had remained far more static. The real growth, therefore, was in heating and ventilating, particularly in the private sector which now accounted for over 60% of total contracting sales. In this sphere the vast majority of the work was in industrial premises and the company was able to boast a long list of leading firms who employed its services; these included three of the major motor vehicle manufacturers and concerns such as the Dunlop Rubber Company, British-American Tobacco, Turner and Newall, Pressed Steel, Rubery Owen & Co. Ltd., and many others. Outside the industrial orbit considerable orders were obtained for engineering services in blocks of flats and offices in London and the provinces; the pre-war connection with Lewis's Ltd. was revived, and with an eye on the forthcoming reconstruction of the Liverpool store Austin Ashwell made personal contact with Lewis's chief engineer, Mr. Waygood. Here however there was some notable competition to be overcome and in a letter to the chairman in May 1968 the managing director reported on his visit to Liverpool as follows: "I have been having rather a battle with the work at Lewis's owing to the fact that Mr. Haden had told me that all Lewis's work was going to be placed in their hands in the future, and that he did not consider that we had any particular claim to this job. This was so far from my own views in the matter, as we have had all Lewis's work for the last thirty years, that I felt it rather a point of honour that we should get this job; and I am glad to say that Mr. Waygood, the chief engineer, has now given me the order at about £28,000. That is another awkward matter out of the way."

As well as the Liverpool shop there was plenty more work to come from the same source during the next ten years, although in general the retail trade has never been a great source of business for this company. During the period of 1948 to 1950 other valuable contracts in the non-industrial field were carried through at the film studios at Shepperton and Boreham Wood, the most important of which was for British Lion Films at Shepperton where three large economic

boilers were installed and extensive outside mains connected the various buildings and production stages.

A high proportion of this lucrative business in industrial and commercial premises stemmed from London office where E. W. Woolgar had a large and well balanced staff; but work outside the metropolis itself was predominant and little effort was made to lay the foundations for participation in the major rebuilding of the city which was to come. In future years this neglect was to be a cause of great regret but for the time being there was plenty of work to absorb the capacity of the organisation at Great James Street, some of which lay in the midlands where full advantage was taken of a long standing connection with the consulting engineers, E. G. Phillips, Son and Norfolk of Nottingham. This firm always preferred to deal with Mr. Woolgar rather than with Leicester office in whose area much of this work might fairly have been said to fall.

In 1948 the company received the order for the mechanical services in a new factory which was being built at Carrickfergus, near Belfast, for Courtaulds Ltd. This was a valuable contract and, as the company had no establishment in Northern Ireland, a senior engineer and a supervisor were sent over from Leicester; these being H. H. Sharpe and J. Scofield. Herbert Sharpe could at this time have been called a veteran. He had spent most of his time at the Birmingham office as a supervisor and more recently as a draughtman, but finding it difficult to settle down with L. P. Taunton, who had succeeded Walter Charles as office manager, he had joined the Leicester staff after the war. Joe Scofield proved to be a first class supervisor and gradually took over the major responsibility for the job, leaving Sharpe to provide the drawings and documentation from Leicester. As time went on and the Courtaulds contract proceeded towards completion further opportunities for work in Northern Ireland presented themselves, and eventually a small office was opened in Belfast at 14, Corporation Street. Ashwell and Nesbit had, of course, an extensive history of operations in Ireland although the office opened in Dublin in 1892 had long since been closed; in the north probably the most noteworthy job had been that at the Belfast City Hall, but there had been other work including the usual crop of lunatic asylums. Now there seemed once again to be an opportunity of reviving the business and J. Scofield became a permanent fixture in Belfast.

In the following year, after S. H. Tirrell had been nine months in charge of the Manchester office it was decided to purchase the small heating and plumbing business of J. Blake and Sons at Accrington.

One of the attractions was the valuable stock of materials, some of which were, at this time, in rather short supply; but, more important, it proved possible to retain the services of Blake's manager, Norman Blezard, who was a fully qualified heating engineer, and who brought with him a certain amount of goodwill and some established clients. This business, for which the company paid £14,000 became a sub-office of Manchester under the jurisdiction of S. H. Tirrell, but it did not, in fact, prove to be as much use to Ashwell and Nesbit as had been hoped. The Accrington office was subsequently closed in 1957.

After the publication of the annual accounts for the year 1948/49 the board, prompted by the chairman, turned their attention to the possibility of some form of bonus issue of shares to be made out of the company's free reserves, which by now amounted to close on £150,000. In Sir Harold's view such an issue would, if approved by the Treasury, "put the nominal capital nearer into line with its real worth." An issue of this kind would leave the shareholders in the position of holding exactly the same proportion of the concern as they did before but would give the directors more flexibility in considering rates of dividend in the light of official disapproval of increases in that direction. Eventually it was decided to give the chairman authority to seek advice from his own firm and, after a report had been received from that source, an extraordinary general meeting of shareholders was convened for the 9th March 1950 when the necessary resolutions were passed. The authorised capital was increased from £100,000 to £165,000 and the issued capital from £72,290 to £118,130 by the capitalisation of a part of the reserves amounting to £45,840. The basis of distribution was four ordinary shares for every five held and the balance of thirteen of the new shares was allotted to Austin Ashwell at a price of 25/-. In consideration of the augmented capital the dividend for the year 1949/50 was set at 20% compared with 25% in the previous year but in terms of cash this represented a nett payment of £11,345, an increase of £3,467. There was a further bonus issue in 1952 by which the paid up capital was again increased to a figure of £163,980.

Another matter which came under consideration of the directors during 1950 was the necessity of making some further change in the company's articles of association. A new Company's Act had been passed in 1948 and the firm's legal advisers felt that the articles, which had not been altered for some years, should be re-drawn to bring them into line with this legislation. In fact very few major changes were incorporated in the document presented to shareholders in October 1951; in the words of the chairman there had been a "general tidying up" and the borrowing powers of the directors were further increased to £75,000.

In December 1951 a suggestion was made to bring forward the end of the company's accounting period from the 30th June in each year to the 31st March, and discussions with the auditors on this possibility were initiated. For some time it had been thought that the end of June was inconvenient as the pressure of work to complete the accounts coincided with the summer holidays; and, with the month of August intervening, it was always necessary to delay the annual general meeting and the distribution of dividends until early October. At a meeting of directors on the 10th January a decision was made to prepare the annual accounts for a nine month period ending on the 31st March and to make that date the end of the trading year in future. However after further discussions with the auditors it became clear that, in order to avoid tax complications, it would be wiser to choose a date after the end of the fiscal year rather than just before; choosing the earlier date would have meant that the profits for the period 1951/52 would have formed the basis of the company's tax liability for the fiscal year 1952/53. As the chairman commented somewhat ambiguously: "In the result we should have been seriously prejudiced and as the change was being made for reasons of efficiency in which the government, as tax collector, will be the chief participator, we felt we were entitled to avoid this result, and so selected the most convenient date immediately following the 5th April." The date chosen was the 7th which was the first Saturday after the end of the tax year.

It had been thought that the shortened period would have a serious effect on sales and profits and therefore on the amount available for dividend, but, in the event, sales amounted to £940,000 for the nine months compared with £1,064,000 in the previous twelve months and the nett profit was actually £6,000 higher. It was noticeable how easily the contracting offices were able to bring forward the completion of many of their contracts, when the pressure was on, to bring them into the sales for the period.

CHAPTER XXV

We have referred above to the growth of the heating and ventilating business following the end of the post-war slump and success on the contracting side was to continue; but in the works conditions had become far less satisfactory during 1949. A severe shortage of skilled labour continued and although this was felt in some degree throughout the works it was most acute in the foundry where it was becoming increasingly difficult to obtain the services of a sufficient number of moulders. Great efforts had been made in the industry since the war to recruit more apprentices but conditions in an iron foundry tend to discourage some parents from placing their sons in this type of work, in spite of the extensive improvement and modernisation which has taken place in recent years. It was of course, to some extent possible to make up for the labour shortage by improved methods, particularly by the use of mechanical aids, and Ashwell and Nesbit could certainly claim that, as a result of expenditure in this direction, foundry production had not fallen in the same proportion as the numbers employed. In 1949 the company was employing 240 men in the works compared with a maximum of 350 during the war.

To add to the difficulties caused by the shortage of labour and to a certain degree of raw materials also the company suffered an unofficial strike in the foundry which began in July 1949. The stoppage was caused by the engagement of a workman who had allowed his membership of the union to lapse, so that there was a demand by the men for a closed shop and the dismissal of the individual concerned. This was a demand which the directors felt could not in any circumstances be entertained, but after several days loss of time and money on both sides a settlement was reached without the management having to give way on the principle involved. However this was not the end of the matter and in J. T. Swift's view it was obvious that there was a considerable section in the foundry which was determined to upset the authority of the management. Things came to a head in November when a further strike took place following the discharge of a workman who had openly defied his foreman. The case was aggravated by the fact that the man involved was one of the shop stewards and great pressure was put on the firm to reinstate him. But, with the support of the employers' association the company maintained its refusal to do so and apparent deadlock ensued. Finally, after being out for three weeks, during which all foundry production was lost, the men returned to work unconditionally, although it was some time before full production could be resumed;

and largely as a result of this stoppage the output of the foundry for 1949/50 fell by a quarter from that of the previous year. There is no doubt that settlement of this dispute resulted in a more satisfactory spirit in the works, but it was to be some little time before really smooth working conditions returned.

Further mechanisation of the foundry was put in hand during 1950 and 1951, but the change over to machine moulding took some time to catch up with the fall in the supply of suitable labour; and although 1951 was a year of much greater production than the year of the strike less than 2,000 tons of castings were made, compared with the war-time peak of 3,000 tons. In the view of the managing director the money spent on foundry plant had repaid the company well and if the same personnel had been employed in 1951 as were on the books seven years before production would have been much higher than it was then.

During the spring of 1951 the chairman and the managing director together with Joseph Adamson, once again turned their attention to the question of the management of the works. J. T. Swift was by now in his seventieth year and retirement could not be far off. The assistant appointed two years before had not been able to settle down with the company so it was now essential to find a new man with the requisite experience and qualifications to fill the position of works manager. The search was not a prolonged one and by July Austin Ashwell was satisfied that in the person of R. A. S. Lomax an entirely suitable candidate had been found. Born in 1908 Syd Lomax had been apprenticed to the British United Shoe Machinery Company with whom he remained until 1942 when he joined the ranks of R.E.M.E. After service in India and Burma and with the Dutch Army in Java he had been finally promoted to the rank of Lieutenant Colonel before demobilisation, when he joined the engineering firm of Pegson Limited of Coalville as works manager and later general manager. He had had a first class record during training and was by now well accustomed to responsibility so that he was without doubt an excellent choice. His service with Ashwell and Nesbit began in September 1951 while J. T. Swift remained as a director until his retirement in the summer of 1955 after serving the company for 44 years.

Meanwhile there were further changes in the composition of the board which began with the retirement of Wallace Cowan in January 1952 and the appointment of C. A. B. Elliott in his place. The latter was a long-standing friend of Austin Ashwell's, being a director of the Ellis family business in Leicester, Ellis & Everard Ltd, and thus had considerable experience of coal handling and distribution

amongst the other interests of his company. Later, on the retirement of J. T. Swift in 1955 the writer of these notes was elected a director.

By 1953 Austin Ashwell had completed fifty years with the company and it was also his twentieth year as chief executive. Naturally this anniversary could not be allowed to pass without recognition and some form of presentation to mark the occasion; and at length he was persuaded to have his portrait painted, on condition that it should not be allowed to hang in the boardroom which normally served as his private office. The announcement of this tribute to their managing director was given to the shareholders at the annual general meeting in July, when a speech eminently suitable to the occasion was made by the chairman. In appropriate cricketing parlance, in view of Austin Ashwell's lifelong addiction to that game, he was congratulated on being fifty not out, with, Sir Harold hoped, many more runs to come. In his reply the managing director modestly laid stress on the team effort which, he said, had been responsible for any success which might have been achieved by Ashwell and Nesbit Limited. The most that he could say was that he had acted as a kind of receiver for the company of all the effort and skill of a number of people who had had the capacity and the will to use it in the company's service.

Indeed there was considerable cause for congratulation. During Austin Ashwell's tenure of the office of managing director the company had made enormous progress. He had inherited a heavy load of debt which, under his jurisdiction, had rapidly disappeared, and during this period of management annual sales had risen from under £200,000 in 1933 to a million and a quarter twenty years later, whilst nett profits had multiplied seventeen times to over £90,000. By 1953 shareholders were enjoying a dividend of 15% on their capital, enhanced by two bonus issues of shares, but this still left over £100,000 in the business.

During the following year duplicate portraits were painted by Henry Carr, a well-known Yorkshire artist working in London. One copy was handed over to Mrs. Ashwell and hung at home, while the other, in deference to the wishes of the sitter, was sent to the London office where it presided over the activities of Mr. Woolgar.