

# Alvic

*December 2018*

*The Newsletter of the Alvis Car Club of Victoria*



MERRY  
CHRISTMAS

AND A PROSPEROUS  
NEW YEAR

TO ALL ACCV MEMBERS  
& THEIR FAMILIES

& ALL OTHER ALVIS OWNERS





# Alvis Car Club of Victoria (Inc)

A0017202F

CLUB ROOMS: - rear of 'ALVISTA' 21 Edgar St, Glen Iris  
(MELWAYS 59 F8)

Meetings—third Friday of each month [except DEC/JAN] at 8.00pm.  
Newsletter Deadline - first Friday of the month.

POSTAL: ACCV P.O.Box 634, EMERALD, VIC 3782  
[www.alvis.org.au](http://www.alvis.org.au)

## DECEMBER 2018 VOL 58 ISSUE 11

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## 2019 COMING EVENTS

- JAN 18** OPENING BBQ AT THE KEVIN BARTLETT RESERVE, F.R. SMITH DRIVE,  
BURNLEY, BYO EVERYTHING. FROM 6.00PM, MELWAYS 59 A1
- FEB 16** GENERAL MEETING  
**24** RACV BRITISH & EUROPEAN MOTORING SHOW - SEE FLYER
- MAR 16** GENERAL MEETING  
**20 - APRIL 7** ALVIS DOWN UNDER CENTENARY RALLY  
**24** KALORAMA
- APR 7-13** AUSTRALIAN NATIONAL ALVIS RALLY  
**18** GENERAL MEETING THURSDAY (DUE GOOD FRIDAY)
- MAY 17** GENERAL MEETING
- JUN 21** GENERAL MEETING

Front page: Photo by Marg Lang

# PRESIDENT'S REPORT

Our very successful year of Alvis activities has just concluded with a couple of excellent events. The first was in mid November when we participated in the Combined Clubs Petanque Competition. The Veteran Car Club hosted the competition at their club rooms and participated for the first time. All told there were around 40 people present and we were very pleased to have the founder of the competition, David Wischer, along and to present the trophy to the winning team. The competition was fierce, in a friendly way with the Bristol team coming out on top. The Alvis team improved one place from last at the previous competition to fifth this time. More practice needed, especially as the Bristol Club said it proposed building a permanent cabinet for the trophy – we will have to see about that! All in all it was a great day with the unanimous request that the same venue and timing be immediately booked for next year.

The Christmas barbecue was held on the first Sunday in December at Malcolm and Cathy Ferguson's property, at Kinglake West. The weather looked as though it could have been showery, however the rain held off and we were able to sit outside and admire the view over the surrounding countryside.

Of particular attraction was the huge new shed that Malcolm has built for his machine shop and vehicle storage. It is a great facility and the envy of all who saw it. Malcolm has an interesting collection of cars and motorcycles, which was recently expanded with the addition of a barn-find 401 Bristol.

The block out of his E Type Jaguar was on the bed of the large milling machine having its bores honed in preparation for reassembly. It is amazing how jobs expand as the engine was only initially removed to replace the clutch. We wish to express our appreciation to Cathy and Malcolm for hosting us, for all the trouble they went to and for providing such an enjoyable day.

Recently Alan and Noeline McKinnon hosted the Committee for a planning meeting. Here we discussed events for the coming year. The first six months is well catered for with the 100<sup>th</sup> Anniversary Tour Down Under and the National Rally in March and April. Other one day activities will be promoted in ALVIC. Due to the major events, it is planned at this stage to have only one weekend away and it is currently proposed to be held in the Shepparton area early in September.

It is customary that the Club (which will be Victoria) holding the succeeding National Rally provides a presentation at the forthcoming National Rally. A proposal was put to the Committee that the 2021 National Rally be held at Hamilton towards the end of April. Planning for this has already commenced. On behalf of the Committee I wish to thank Noeline and Alan for providing an excellent venue and a fun night.

MotorClassica in October next year will, in part, be celebrating 100 years of Alvis. It is anticipated that around

10 cars will be required for the display, covering the range of models and vehicles that have performed feats of significance. Cars will be sought from around Australia.

We and the NSW Club will work with the organisers to establish a list of vehicles to be invited for display. Also there will be an opportunity for the Club to mount an additional display of cars outside the Royal Exhibition Building.

Doug Young has been working very hard on submissions to the Federal Government on the Luxury Car Tax, Asbestos in historic imported vehicles and the new legislation for Vehicle Standards for vehicles being imported into the country. Doug has also been recognised by the bureaucrats as an authority on these issues in relation to vehicles 30 years old and older and is someone whose opinions are to be valued. Each of these issues is a major impediment to importation and re-importation of vehicles into Australia. The historic vehicle movement is very fortunate to have a person of his calibre working on our behalf, for which I wish to express the appreciation of our Club.

Jon Voller in Queensland, who owns a TC21 has been advertising for a replacement gearbox for his car, as his has broken third speed gears. Jon was not having much success in finding a replacement gearbox. I remembered that there were some remnant boxes as part of the Alvis Spares Consortium collection. I brought these home and stripped them down to find that they also had some broken gears, but not necessarily the same ones. In the mean time Jon had obtained a box from Keith Williams which also had broken gears, but some useful parts.

Jon's box had been modified satisfactorily in the area of the spigot bearing between the input and main shafts. This now seems to provide an opportunity to repair and recycle some otherwise worn components. I was surprised when investigating these gear boxes in detail that the internal components are the same in the 12/70, TA14 and TA/TC21. The casings and gear change mechanisms varied, but otherwise the components are identical. I feel that the problem arises with the boxes providing good service for the lower powered 4 cylinder cars, but with age the boxes are now becoming marginal in the 6 cylinder cars. It has been an interesting learning exercise. Fortunately from four boxes we should be able to assemble two serviceable gearboxes.

December is generally hectic with end of year events and preparing for Christmas and the New Year celebrations. I wish you all a safe and happy festive season with family and friends and I look forward to enjoyable Alvis camaraderie and motoring in 2019.

Andrew McDougall

## BOOK REVIEW – A LIFE WITH EAGLES – J. MAC HULBERT. By Dale Parsell

Limited Edition. Review copy provided by Alvis Car Club, Victoria, library.

We are all aware that the relatively small Alvis fraternity attracts neither a large scope for literature or an endless audience and it is therefore important to recognize those who make the effort.

Mac opens his latest work by admitting that it is largely a personal indulgence on his behalf and is expected to only appeal to family or those friends and colleagues acquainted with his involvement in historic motoring.

Whilst there are some sections of the book that will be glossed over by many, overall, it is a worthwhile addition to the Alvis literary field and adds substantial information to the world of Alvis in general and Silver Eagles in particular.

The book also provides an insight into the trials and tribulations of racing a historic motorcar and improving its capabilities in the direction which it is anticipated Alvis may have gone if they had continued to follow the competitive path begun with the 12/50 and FWD.

As Mac points out, the Silver Eagle was a neglected model by enthusiasts for a long time. The limited numbers and somewhat confusing and convoluted model lineup causing even the most dedicated to shake their heads from time to time. According to Ken Day, Alvis produced only 2198 Silver Eagles in 6 years of its production and the subtle and sometimes confusing changes are almost innumerable. Approximately 185 survive.

Mac is ably supported by other contributors adding their experiences from time to time.

I thoroughly recommend this book to anyone with a passing interest in Silver Eagles or a desire to understand this mysterious and underrated Alvis Model.

Vale

**Jen Hopkins**

Peter Mackay advises the passing of his long time partner Jen Hopkins who passed away on Sunday 16 December.

We recall the many fun times and outings we shared with them on Alvis and other events and have comfort in her release from the indignities of dementia.

*John & Marg Lang*

**We welcome 2 New Members**

**Will Gartrell** is saving for a 12/50

**Paul Martin** has owned a 12/40 since 1963

*We look forward to meeting you both in the future*

### MARKET WATCH

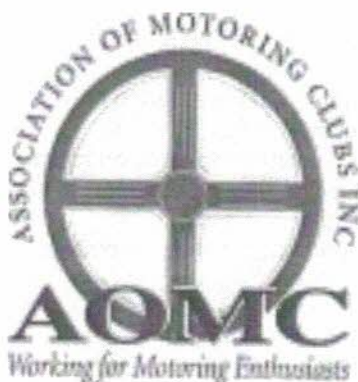
1949 TA14 Carbodies DHC, chassis 22858, Anglia Car Auctions, 3 November. 2 Owners, 31,858 miles - \$30,450.

1964 TE21 FHC. Webasco sunroof. Historics at Brooklands, 24 November. Stored 17 years (they hate being stored). 216,700 miles. "Would benefit from some restoration." Which is auction-speak for "The purchase price is the down payment on the restoration." \$20,580.

1931 TJ 12/50 Ducksback sold by Coys above top estimate of £30,000 on 4 December.

*Richard Tonkin*

*For the interest of Victorian Club members who operate on the Victorian Club Plate Scheme.*



*jdmelang@bigond.net.au*

JOHN LANG  
ALVIS CAR CLUB OF VIC

## **VicRoads is introducing a new number range for club permit number plates.**

The current series of plates for club permit holders ranges from 00000.H – 99999.H. We're currently issuing plates from 95000.H onwards, and expect to complete this series in the coming months.

The number series in our next release will range from 0002.H.2 – 9999.H.9. This new series will run on our existing plate design (dark red background/white lettering).

To ensure the plates are readable by electronic readers and intelligent management systems (used by the Victoria Police and tolling organisations), there will be some combinations in this new number range that we can't use, particularly those with the numbers 0, 1 or 5 directly before or after the H.

We'll let you know when distribution of this new series of plates commences being distributed.

Club permit enquiry February Delegates Meeting

### **CPS plates**

#### **Are plates transferable on sale of the vehicle?**

When a CPS vehicle is sold, the permit is not transferrable and must be cancelled with the purchaser to apply for a new permit. When the permit is cancelled, there is no requirement for the plates to be returned to VicRoads unless VicRoads specifically requests the plates to be returned (which is done when a permit is cancelled due to a breach.)

**CPS plates are not transferrable except where (1) the owner changes clubs or (2) the vehicle is sold to a member of the same club.**

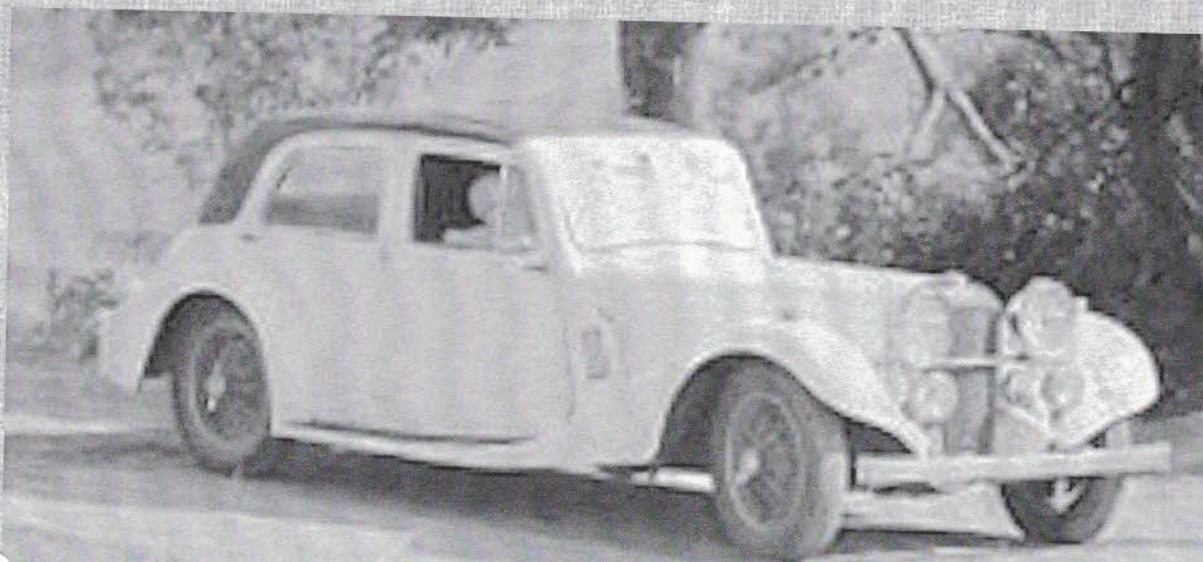
There have been some instances of significant plates where re-use of plates has been allowed. These are considered on a case by case basis for rare and unusual circumstances.

Website: [www.aomc.asn.au](http://www.aomc.asn.au)

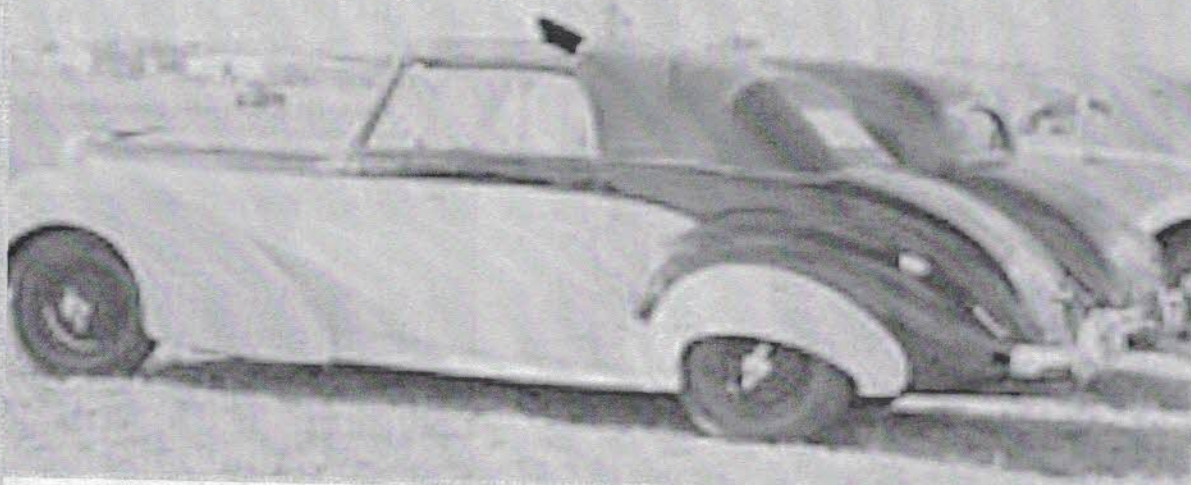
Email: [secretary@aomc.asn.au](mailto:secretary@aomc.asn.au)

*From Chester McKaige*

## DO YOU RECOGNISE ANY OF THESE CARS?




*Editor's guess - ? Formally owned by the late Andre Chaleyzer. A previous owner converted from Saloon to DHC*



*Editor's guess - ? The late Bas Bowe's TA21 DHC*



# EastLink GREAT AUSTRALIAN RALLY 2019



**SUNDAY 20 JAN  
CRUDEN FARM  
LANGWARRIN**  
greastralianrally.com.au



Ballan District Vintage Machinery & vehicle Club Inc.

## Ballan's Great Vintage Rally

Sunday 17<sup>th</sup> February 2019

Featuring This Year:

- \* Fabulous Ronaldson Tippett Museum with R&T engines in ACTION! ... (Bring your R&T engines too!)
- \* Ford Vehicles of all descriptions! Aussie cars, trucks, utes etc.
- \* Vintage Tractor Pull
- \* Big Stationary Engines
- \* Vintage & Classic Cars, Trucks & Motorbikes
- \* Sheep Shearing
- \* BSA & British Motorcycles
- \* Model Aircraft flying displays.
- \* Working Demonstrations
- \* Vintage stationary Engines
- \* Fabulous Handicrafts
- \* Variety & Old Time Wares
- \* Tools, Axes, Chainsaws etc.
- \* Model Trains
- \* Model Powered Boats
- \* Delicious hot & cold food & drinks at affordable prices

Old Ballan Racecourse  
Racecourse Rd,  
Ballan.

9:00am - 4:00pm

ENTRY:  
Adults \$20  
Family \$60  
Children U14 Free



No Dogs Please

Exhibitors: Free entry for each exhibitor plus one helper or passenger. All others must pay entry fee unless sponsored. Tractor drivers and engine operators must have insurance certificates, & Driver's License. Junior operators under 17 must comply with NHMA requirements. Camping permitted. Set up Saturday OK.

Enquiries: Jason Palmer 0409 557 541, Ian Erwin 0367 1293, Ray Meadows 0368 1177

# RACV British & European Motoring Show 2019

Open to all vehicles manufactured in England and Europe

Featuring the annual MG Club Concours

Celebrating 70 years of the Rover P4 75  
60 years of the Daimler SP250 Dart,  
Austin/Morris Mini, Jaguar MK2,  
50 years of the Ford Capri MK1, Triumph TR6  
Mercedes Benz 280SE 3.5,  
40 years of the SAAB 900Turbo





Display cars \$15.00 (inc. all occupants)  
Motorbikes \$10.00 (inc. passenger)  
Display vehicles or motorbikes driven by L or P drivers may enter free.


Spectators \$8.00  
RACV Members \$5.00  
Children free

**Sunday 24th February 2019**  
Yarra Glen Racecourse, Armstrong Avenue, Yarra Glen  
Childrens Entertainment, Music, Trophies, Club Displays & Vendors  
Gates Open for Display Cars at 9.00am & Spectators at 10.00am  
For more info contact 03 9558 4829 www.aomc.asn.au/britishandeuropen2019 fb.com/infoaomc

# 43<sup>rd</sup> HISTORIC WINTON

The Austin Seven Club

17<sup>th</sup> & 18<sup>th</sup> May 2019  
Historic Cars, Motorbikes and Sidecars



[www.historicwinton.org](http://www.historicwinton.org)  
Winton Motor Raceway, Benalla, Victoria

BENALLA MOTOR CLUB

Austin Seven Club, Inc. AU001290N | Phone: Neil Hammond





## Interclub Petanque Competition: 18 November 2018

The Interclub Petanque Competition was started by David & Moira Wischer and it involved all the clubs that David had belonged to over the years, namely The Alvis Car Club, The Bristol Car Club, The Jowett Car Club and the Daimler/Lanchester Car Club. In latter times the Armstrong-Siddeley Car Club was invited to take part and this year The Veteran Car Club also joined the competition. The competition was held for many years at David & Moira's home at Merricks and in more recent times the venue has varied. This year it was held at the VCCA Clubrooms and it proved to be a resounding success with next year's date already locked in and a unanimous vote for it to be held at the VCCA clubrooms.

The day has always involved friendly competitiveness, the odd bit of cheating, lots of laughter, comradeship and the pride of having the winning club's name on the trophy. This year was no different except from my position on the verandah, I didn't detect any cheating!

On arriving everyone settled down to lunch, discussion of tactics and some friendly banter about who was going to win. Then it was time to go down to the old grass bowling green and to start the rounds – The Veterans and the Armstrong-Siddeleys needed a bit of a boost in their numbers which was achieved by "borrowing" members from the other clubs.

Soon the competition started to heat up with cries of "where is the jack?" "I can't see it in the grass", "no, I think that boule is the closest" and "which way do I hold this boule?" The results of each round were passed up to Frances McDougall for recording.

At the conclusion of 5 rounds everyone retreated back to the clubrooms for the awarding of the trophy. We were very lucky to have David Wischer with us for the day and he presented a stand-in trophy to the winning team – The Bristol Car Club. (Last years winners had forgotten to bring along the real trophy). The Bristol Car Club is so confident of continuing to win in the years to come that they are planning to build a special cabinet for this trophy!!! We will have to see about that.

It was a great day and good to meet new people and renew past acquaintances. It is an event well worth coming along to. Results: Bristol, Veterans, Jowett, Armstrong Siddeley, Alvis and Daimler/Lanchester.

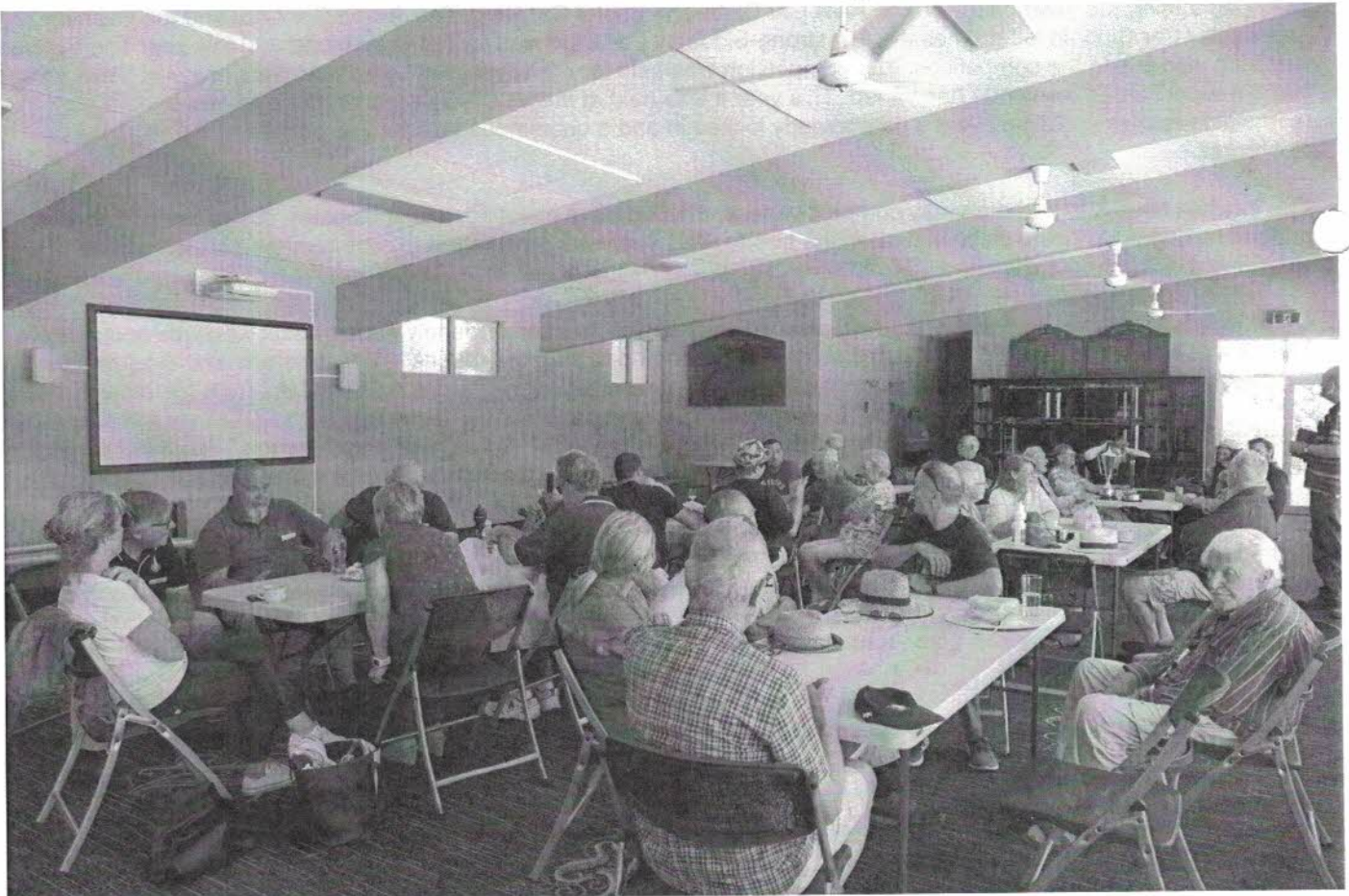
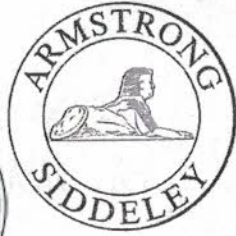
Alvis will need do a lot better next year.

Frances McDougall



Daimler

Lanchester



# Alvis Christmas Party

The annual Alvis Christmas BBQ was held this year at Malcolm & Cathy's home at Kinglake West. It was a great venue complete with a "vintage" road for the last few kilometres.

The setting with tables and chairs overlooking the valley made for a very pleasant spot in which to partake of Christmas cheer with good friends.

Before settling down to lunch everyone made a visit to Malcolm's wonderful shed - all were in envy of his set up.

Many thanks to Malcolm and Cathy for a wonderful day.

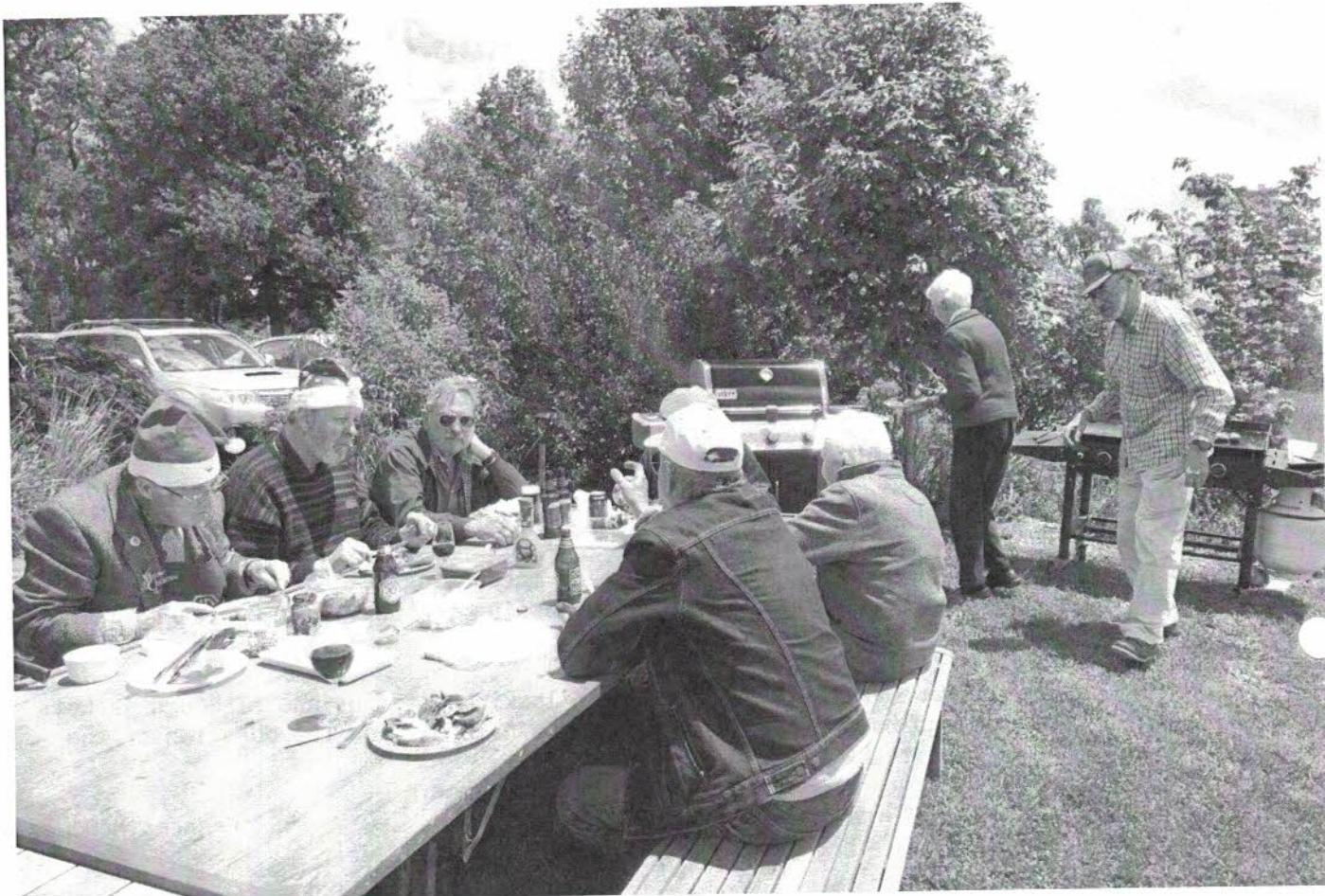
Due to a very unusual set of meteorological circumstances, the forecast for the days encompassing the Christmas Party provided the potential for a very wet day.

However the Alvis gods were looking after us and although jackets and hats were needed, the rain held off for the duration of the party.

Frances McDougall



*The McDougall Speed 20 Special "Gladys", the Higgins Firebird & the Tonkin Fourteen "Audrey"*



*Some of those at the Christmas BBQ. From left to right: Geoff Ross, Andrew McDougall, Peter Miller, Dale Anderson, hidden Chris Higgins, Dale Anderson, Eric Nicholl, Marg Caldwell & Richard Tonkin.*

## ALVIS CARS IN COMPETITION BOOK - LIMITED EDITION

I am pleased to advise members that the Limited Edition Book is planned for publication in June 2019 and will be limited to 300 copies. The Members price will be determined when the UK publisher is committed and contracted for the book. It will not be available for sale through other channels to the general public, only through the AOC Website Shop.

### E.O.I. Expression of Interest

In past publications, Members have had the opportunity to register their interest for a copy or copies of the book, no limit. Priority sales will be given to those who have already registered to date (180). If you have not registered yet, just confirm the number of books you want allocated to your name and send me an e-mail to [kane@netsmart.net.nz](mailto:kane@netsmart.net.nz) or by airmail letter to 957 Omanawa Road RD1, Tauranga 3171, New Zealand or by phone 07-543-4385. Delete the zero and add your international code. Note we are 13 hours ahead of UK time until March 2019. Use the title LTD EDITION ALVIS BOOK. If you have any questions or queries at this stage please send me an e-mail or call me.

Members will be advised in due course, when the book will be available for sale and the contact details to place your confirmed order.

Clive Taylor - Tauranga N. Z.

## U-BOAT CAPTURED BY AN AIRCRAFT?

By Mark Weller

Not an Alvis story, but on a recent visit to the RAF Museum at Hendon in London, my interest was piqued by the display of a Lockheed Hudson bomber that did achieve this. The following is my edited story taken from press and RAN accounts.

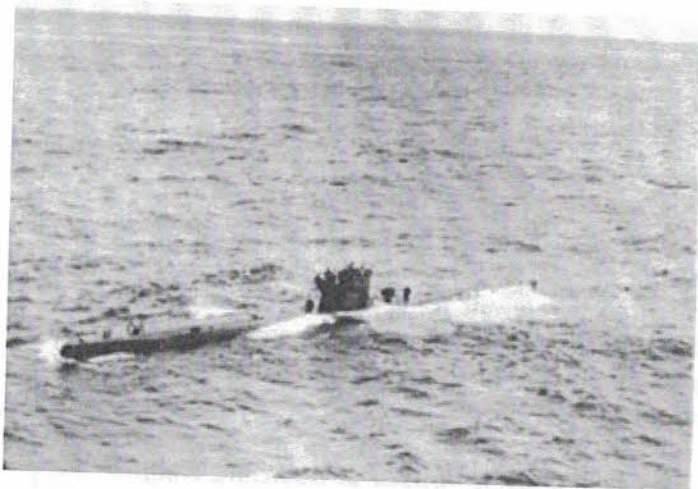
On the morning of 27th August 1941, U-570 was submerged in waters off Allied-occupied Iceland. At 1050 Kapitänleutnant Rahmlof decided to surface but entirely forgot to make any observation for hostile aircraft before exposing his boat.

It so happened that a Lockheed Hudson aircraft belonging to 269 Squadron RAF, piloted by Squadron Leader James Thompson, was almost immediately overhead. U-570 perceived her danger too late and, while attempting to crash dive, the aircraft dropped a stick of four 250 lb. depth charges. These exploded close to her. One minute after the water disturbance had subsided U-570 surfaced again, bow down, and 10 or 12 of her crew came on deck. The aircraft attacked with guns until a white flag was waved from the conning tower.



*A Lockheed Hudson bomber*

It was later established by interrogation of prisoners that, at the moment of the attack, confusion reigned within the U-Boat. The detonation of the depth charges, the smashing of instruments, the formation of gas, thought by the crew to be chlorine gas, and the entry of a certain amount of water apparently convinced its captain that his boat was lost. He ordered the crew to don life-jackets and mount the conning tower. Prisoners stated that once on deck they waved a white flag, as the aircraft would imagine that the U-570 crew was about to man its gun. Seas were, however, so high that manning of the gun was out of the question, as also was the launching of a boat. Huddled in their miserable position, the crew remained throughout the day.



*The U-570 crew huddled around the conning tower*

The Hudson remained overhead until relieved at 1345 by a Catalina Flying Boat, which, like its predecessor, proceeded to circle U-570 with its guns trained on the crew. As the day drew on a number of men re-entered the U-Boat. A wireless signal was sent informing the Vice-Admiral U-Boats that U-570 could no longer submerge and that she had been captured. In his panic, the captain did not encode the message, which was picked up by the British who ordered all available ships to the scene. A German U Boat approached but was driven off.

Water was rising in the control room and, after working the electric pumps, current ran low and the lighting failed. The forward compartments were shut off because of leakage. Confidential papers and the smashed cipher machine were dumped over the side and, later, fuel and ammunition as well, to aid the vessel's buoyancy. At 2250 the aircraft and U-570 were sighted by H.M. Trawler "Northern Chief." This vessel closed the U-Boat and made the following signal: "If you make any attempt to scuttle I will not save anyone, and will fire on your raft and floats." The reply was made: "I cannot scuttle or abandon; save us to-morrow, please."

As August 28 dawned, British and Canadian naval ships arrived and tried to attach a tow-line to the submarine, but the Germans kept missing. Thinking the Germans were just being difficult, warning shots were fired, wounding five Germans.

With much difficulty in the rough seas, a British officer and three sailors reached the submarine using a life-raft. After a quick search had failed to find the U-boat's Enigma machine, they attached a tow line and the crew was taken off.

The ships began slowly sailing to Iceland with U-570 under tow, and with a relay of Hudsons and Catalinas constantly patrolling overhead. There, the submarine was beached as she had been taking on water and was thought to be in danger of sinking. After repairs in Iceland, she sailed, on her own power, with a prize crew to England (sounds like Sir Francis Drake!). There she was repaired and tested to determine her capabilities.

She was then commissioned as HMS Graph and provided both the RN and USN with significant information on German submarines. She carried out three combat patrols with a RN crew, becoming the only U-boat to see active service with both sides during the war.



*U-570 arrives at Barrow-in-Furness, 3 October 1941*

She was decommissioned from active service in February 1944 and saw some use as a target, to determine the damage caused by depth charges. After surviving these experiments, she was sentenced to be scrapped.



The trustees and archivists are  
Graham Clode, John Fox  
Steve Horne and Neil Millington

Visit the website

[www.alvisarchive.com](http://www.alvisarchive.com)

or contact them on

[alvisarchive@btinternet.com](mailto:alvisarchive@btinternet.com)

**The Alvis Archive Trust** - registered charity 1179868  
*The objects are, for the public benefit, to obtain and preserve the heritage of, and any objects, information or data of historical interest relevant to; Alvis, the Alvis company or related personalities of any era; and/or promote the study and appreciation of the history and heritage of Alvis products as items of historical interest.*

Our Collection is housed at Bowcliffe Hall,  
Bramham, near Wetherby, LS23 6LP and is  
open to visitors by appointment.

A review of Alvis' precarious finances in the late thirties

# SAVED BY THE WAR

Simon Fisher

## PART 2

### Alvis's creative accounting

Accounting standards still come in for plenty of criticism today, but they, and the Companies Act, have come a long way since the nineteen thirties. In those days companies did not have to publish their accounting policies (describing how they account for the various types of transactions they undertake), which (a) made it difficult for a reader to understand quite what was happening, and (b) meant the directors could change the accounting treatment when it suited them without publicising the fact. I hope readers will bear with me while I briefly delve into those aspects of Alvis' accounting that left something to be desired.

It was the practice of the time for a company's annual accounts to report a profit or loss prior to certain provisions and appropriations to be recommended by the directors. What I quickly discovered, when starting my research, was that I could not make any sense of the audited accounts without reading them in conjunction with the directors' reports. The appropriations recommended by the directors and approved by the shareholders at the Annual General Meeting never appear in the annual accounts: instead the profit brought forward in a particular year is a completely different figure from the profit carried forward in the previous year's accounts, the difference being the previous year's appropriations.

Even income tax was considered to be an appropriation of the accounting profit, as though it was paid at the discretion of the directors, whereas these days it is regarded as an unavoidable expense of doing business and recognised in the profit and loss account. But of more significance when analysing Alvis' results, was the way they treated "development expenditure."

It is reasonable to capitalise and carry forward expenditure incurred on developing, say, a new model, provided you are confident that you will be able to recover this expenditure from the profits of that model once it is on sale. Readers may recall that the downfall of Rolls-Royce in 1971 came about because that company spent a fortune on developing the RB211 aero engine.

When significant doubts arose as to whether they would ever be able to recover this expenditure, the bankers put in Rupert Nicholson as Receiver.

The one thing that is clear is that when a company starts recovering such expenditure it needs to be expensed as a charge against the profits earned. Yet the Alvis Board treated such write offs as yet another 'appropriation,' to

be dealt with outside the profit and loss account. One further point was that Alvis had issued preference shares. Interest had to be paid on these at a fixed rate (7½%) before anything could be paid to the ordinary shareholders. So in the eyes of the ordinary shareholders, a profit is made only if there is something left over after paying the preference shareholders. But Alvis again treated this interest as an appropriation, whereas nowadays it would be treated as a charge in the profit and loss account.

So the profit available for distribution to the shareholders was very much less than that reported in the profit and loss accounts. If one deducts the various appropriations (development expenditure written off, income tax, stock obsolescence and preference dividends) the results were

Year	Profit per the accounts (£)	Profit available for dividends (after appropriations) (£)	Dividends paid (£)
1926	15,200	15,200	-
1927	25,028	13,807	-
1928	32,372	17,568	9,233
1929	21,688	3,949	3,875
1930	1,570	(6,992)	-
1931	7,079	1,454	-
1932	24,207	(1,419)	-
1933	32,563	16,938	5,812
1934	41,107	11,795	18,988
1935	26,259	(15,032)	15,631

as follows:

The years 1926 to 1933 were the time of Sir Arthur's chairmanship, and one can see that the directors were careful to keep the dividend within the amount available after appropriations. The ordinary share capital had been £100,000 from 1928, so the shareholders' return on investment was fairly miserable, but this period included the Depression years, so perhaps the shareholders were happy when they received a dividend of over 5% for 1933, knowing that many similar companies had gone under in this period.

As mentioned above, in November 1934 a London Stock Broker, Ian Anderson, offered to buy 280,000 5/- (25p) shares for 10/- (50p) each, i.e. at a 100% premium. Thus, of the proceeds of £140,000, £70,000 was placed in a "share premium" account. From 1948 the Companies Act placed strict restrictions on the use of such an account, specifically to prevent it being used for the payment of expenses or dividends (since it was part of the capital of the company), but in 1934 these restrictions did not exist.

When the 1934 accounts were being prepared, after Sir Arthur's death, the directors proposed that the write down of development expenditure for that year be treated as an appropriation of the share premium account, rather than against the profit and loss account. So although the accounts presented a profit of £41,107, the end result, after adjusting for the appropriations against the profit and loss account (stock obsolescence, income tax, and preference dividends) and against the share premium account (development expenditure) was a profit of only £11,795. Yet dividends totalling £18,988 were paid out for

that year.

In 1935, car sales took a dive (from £601,000 in 1934 to £461,000), which John blamed on the poor performance of Charles Follett, the London Distributor. In that year the directors charged not only the write down of development expenditure, but also a stock obsolescence provision, against the share premium account. Whilst the accounts for 1935 reported a profit, before appropriations, of £26,259, the position after all appropriations was a loss of £15,032. But this was not acknowledged in the directors' report in any way, and dividends totalling £15,631 were paid out for this year.

The stock brokers, however, seemed quite happy with the company's performance in 1934 and John must have convinced them that he had grand plans for expansion (he was clearly a master of 'spin' well before the term existed), since they took up a further 40,000 shares at 11/- (55p) in November 1935, followed by a 'rights' issue (to existing shareholders) of 720,000 shares at the reduced price of 8/- (40p) in December 1935. This more than doubled the existing capital. A further 160,000 shares were taken up in August and September 1936 at 10/6d (52.5p).

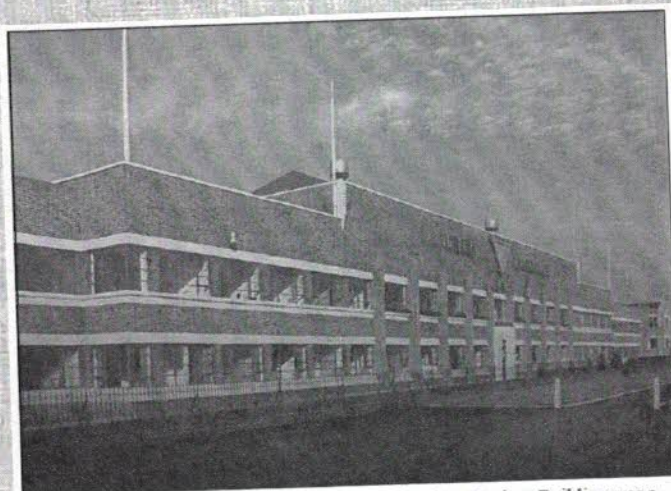
Now John went for 'double or quits'. On the strength of the overstated profits and dividends paid out of capital the company went for its first public offering, issuing a Prospectus for the sale of 800,000 ordinary shares for 9/3d (46.5p) on 7 October 1936. This Prospectus claimed that the business consisted of three main "branches," one of them being "the manufacture of high power aero engines."

Even the Stock Exchange Official Year Book for 1936, published before the Prospectus, had misleadingly stated "the company now also manufactures and sells within the British Empire Gnome-Rhône aero engines" and yet the first engine test did not take place until March 1937.

The Prospectus stated that it was around July 1935 that "the directors decided the time was opportune for extending the activities of the Company in the direction of manufacturing high power Aero Engines" and that the decision was taken "before the speed-up of armaments in connection with the new Defence Programme came to the front." The Prospectus went on to explain that the proceeds of £370,000 would be used as follows:

£120,000 on new buildings, plant, machinery and tools  
£45,000 for repaying a bank loan  
£183,000 for working capital the balance being absorbed mainly by the costs of the issue. The investors, it seems, found the Prospectus convincing, as the issue was heavily over-subscribed.

The share price of 9/3d (46.25p) was payable as follows: 2/6d (12.5p) on application, 2/6d (12.5p) on 15 December 1936 and 4/3d (21.25p) on 15 March 1937 and this gave John his next headache. Car sales in 1936 had fallen significantly again – to around £300,000, compared with £461,000 in 1935 and £601,000 in 1934. This was attributed to the company's failure to introduce a 4 cylinder replacement for the Firebird, which had been



As seen in a Post War publicity publication, the Aero Engines Building was a substantial affair built on typical 1930s Industrial Architectural lines. A considerably larger set of premises than that enjoyed by the Car Division and possible evidence of a wholesale shift in ambition for the company.

withdrawn in August 1936, which was in turn attributed to a shortage of raw materials, but one cannot help thinking that the distraction caused by the aero engine development may have contributed to this. The results for 1936 would therefore show a substantial loss and if the new shareholders got wind of this they might cut their losses by not paying up the 4/3d per share due on 15 March 1937.

John could not take that risk, and must have been optimistic that things would get better in the first half of 1937; because his solution was to change the company's accounting year-end to 31 July and thus avoid producing any accounts until December 1937 when accounts for the 19 month period to 31 July 1937 were issued. This delaying tactic failed, however, since in the event business did not pick up.

The long awaited replacement for the Firebird, the 12/70, did not go on sale until May 1937 and had little impact initially. £800,000 had been spent as set out above, but there was nothing to show for it. Development of the aero engines had been slow, as it had involved a complete redesign of the Gnome-Rhône engines to incorporate as many locally manufactured components as possible and to convert the measurements from metric to imperial. Although aero engine testing had started (of the 14 cylinder, 1,000 hp Pelides), no orders for aero engines had yet been received.

John was now in deep financial difficulties, and the Annual General Meeting held on 10 January 1938 was stormy, to say the least. Even the profit and loss account showed a loss of £29,979 (mainly from car trading, since all the costs of aero engines were being carried forward as "development expenditure"), but after the usual appropriations this came to a loss of £56,272. John blamed the troubles of the car division on the difficulty in getting materials and tools for the new model (the 12/70) due to the launching of the Government's armaments programme and assured shareholders that these problems had now been overcome.

The Financial

Times reported on 11 January 1938 that: The Chairman's



speech was criticised by Mr PJ Navarro and Mr JH James, the latter of whom said that the company had gained a good reputation for motor cars, but was now undertaking something entirely different. He declared that since the company was floated the shareholders had lost three-quarters of their capital, and that the company had "proceeded to make an aero engine which the Government did not support." He protested against the company having "run away from making cars". It was left to the Stock Broker, Ian Anderson, to propose a vote of confidence in the Chairman, which was passed with only four dissentients.

The price of shares that investors had subscribed for at 9/3d (46.25p) in October 1936 (or 11/- (55p) in November 1935) fell to 3/9d (18.5p) following the meeting.

### 1937/38

Despite John's assurance in January 1938 that the company's problems had been overcome, the results for the year ended 31 July 1938 were far worse. Car sales (including spares and service income) were only £349,033, and the car division made a trading loss of £86,035. The subsidiary company, Alvis-Straussler Ltd, was still eating up money, as it too was yet to make any significant sale and a provision for losses of £56,480 had to be made. The relationship with Gnome et Rhône had deteriorated and the licence agreement was cancelled during the year. However, this left Alvis free to develop their own design of a smaller radial engine, the 9 cylinder Leonides, initially rated at 450 hp. Not a single order had been received for an aero engine, but the new factory was now, at least, being used for subcontract work and this work was already showing a modest profit of £19,834 on revenue of £83,432. Overall the result after appropriations (which still did not include any write down of the aero engine development expenditure) was a loss of a staggering £175,931.

As can be imagined, the balance sheet at 31 July 1938 was in a dreadful state.

Capital and reserves stood at only £827,397 (after raising £804,000 in new capital), but there was a bank overdraft of £308,000 and creditors of £168,000, while current assets (receivables) were only £34,000. Aero engine development expenditure of £308,117 was being carried forward as an asset, which evidently was making the auditors feel uncomfortable.

### ALVIS LIMITED BALANCE SHEET AT 31st JULY 1938

Property, plant and equipment 689,768  
Investment in Alvis-Straussler Ltd 42,959  
Trade Investment 25,218  
Development expenditure 308,540

#### Current assets

Inventory 203,354  
Receivables 34,347  
237,701

#### Current liabilities

Trade creditors 168,454  
Bank overdraft 308,335  
476,789

Net current liabilities - 239,088

Capital and reserves 827,397

The minutes disclose that Price, Waterhouse & Co insisted that the Chairman's report include a clear statement that no contracts for aero engine sales had been obtained.

Despite this, John had an easier ride at the Annual General Meeting than he had the previous year. By the time it was held on 5 January 1939, the sub-contract work, mainly for Rolls-Royce (including components for the Merlin engine) and de Havilland, was in full swing.

The shareholders obviously appreciated this and did not give the Chairman too hard a time. But there were goings on behind the scenes and the minutes refer to the operations of the Hare Group (to which Alvis had been trying, unsuccessfully, to sell their stake in Folland Aircraft Ltd) "in connection with the recent attacks on the company, operating in part through the AGM." A group of shareholders also demanded the appointment of a director to represent their interests. Eventually, Horsfield had to step down and JC Chaytor (an engineer?) and RW Rutledge (another Chartered Accountant) were appointed in March 1939. They produced a report on the management of the company in May 1939 containing criticism of the company's policy and making suggestions "with a view to improvement." In the summer of 1938, perhaps once he knew that sub-contract work was secured, John went on a riding holiday in Europe and had time to write a book about it.

Was this a necessary escape from the severe stress he must have been under for the previous three years?

### 1938/39 and 1939/40

Whilst car sales continued to decline (£291,000 including spares and service income) in 1938/39, understandably given the uncertain political climate, revenues from sub-contract work were £351,000 in the year ended 31 July 1939 and a fantastic £819,000 in the year ended 31 July 1940.

The gross margins on car sales were declining significantly in this period, with the company making a gross loss on some models, as the following figures from

	Year ended 31 July 1938			Year ended 31 July 1939		
	Nos Cars Sold	Sales (£)	Profits (£)	Nos Cars Sold	Sales (£)	Profits (£)
12/70	261	87,317	7,659	313	104,960	7,231
Silver Crest 17	92	37,139	-2,396	15	5,845	-774
Silver Crest 20	84	38,561	2,207	54	23,912	66
Crested 20	12	5,726	-1,087	5	2,040	-713
Speed 25	88	55,219	5,081	67	42,755	3,234
Crested 25	26	17,050	1,406	29	15,549	-2,450
4.3	46	34,743	4,653	29	20,742	1,654
Works and demo cars	47	20,269	-1,991	45	16,266	-1,737
<b>Total</b>	<b>656</b>	<b>296,024</b>	<b>15,532</b>	<b>557</b>	<b>232,069</b>	<b>6,511</b>

the management accounts show:

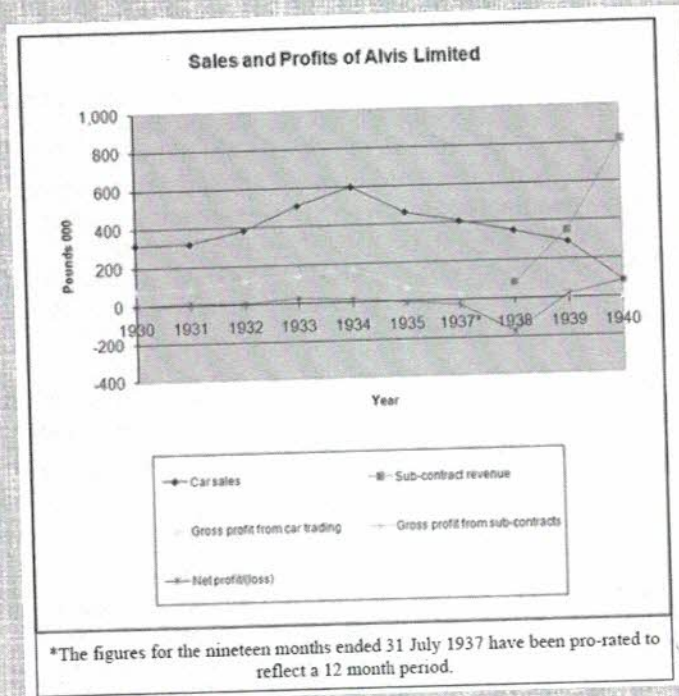
As in the past the strongest performance was still coming from the 4 cylinder model.

Surely if sub-contract work from the rearmaments programme had not materialised in mid-1938 the Receiver would have been called in again. Alvis Ltd had been saved by the War, as this graph demonstrates:

At the Annual General Meeting held on 31st December 1940, a 5% dividend was declared on the ordinary shares, the first since 1935.

### The Board of Directors

What was the Board's role during this period? It appears that John, as Chairman and Managing Director always got his way. Following Sir Arthur's death the Board comprised John, Smith-Clarke (Chief Engineer), SW Horsfield (Sales Manager), Mowbray Atkinson (a director since 1925), RD Lowless and SCP Cooper (a merchant banker). Cooper died in 1936 and was replaced, in November 1936, by Edgar L Granville, an MP and a Director of British Airways. Lowless died in October 1937, and Granville was asked to resign in May 1938, after allegedly "exceeding his authority" in negotiations to sell Alvis aero engines to the French Government, leaving Atkinson as the only non-executive Director.



## FOR SALE 1951 ALVIS TA21

The much written about TA21 -24314 is offered for sale. The story of this cars comprehensive rejuvenation has been well documented in ALVIC and other publications over a period of years. It has been a wonderful journey of discovery and is now ready for someone else to enjoy and take further. A collection of new and restored parts along with literature is included. Asking price is \$24,000.



Contact Richard Wallach at [richardwallach@hotmail.com](mailto:richardwallach@hotmail.com) or leave at text message at 0431466615



### ALVIS 3 litre DHC

Chassis 24639 Engine 24639

Colour: maroon (Glasco # 227226)

Trim: brown leather

Hood: black duck

Date completed: 12 May 1952

Date delivered: 16 May 1952

The owners handbook carries an undated entry stating "JUJ 200" has been modified at the Alvis Works by the installation of twin carburettors and a 3.7 / 1 rear axle and is now a TC21. The TC21 superseded the TA21 in the mid 1950s.

## FOR SALE

This sound and delightful example of a classic hand-build English motorcar (Tickford of Newport Pagnell Ltd, UK) has undergone a mechanical rebuild at Vintage and Historic Restorations of Blackburn in Victoria to complement earlier work on the engine and interior. Consequently, it is now ready for a new life offering many years of trouble free motoring by a discerning new owner.

The work undertaken by HVR exceeded \$60,000 and was completed in 2015 and carried out to original Alvis specification. Not surprisingly, the engine performs as new and the car presents as a high speed touring machine capable of covering long distances in total comfort and I will be sorry to see it depart to another keeper.

The car has been in its present ownership for some 12 years and all receipts for work carried out by HVR together with other material assembled by previous owners, will be passed onto the purchaser.

It is currently on Victorian Club plates and the new owner will have to obtain a roadworthy certificate for entry to the Victorian Club Plate scheme or for full registration.

\$85,000

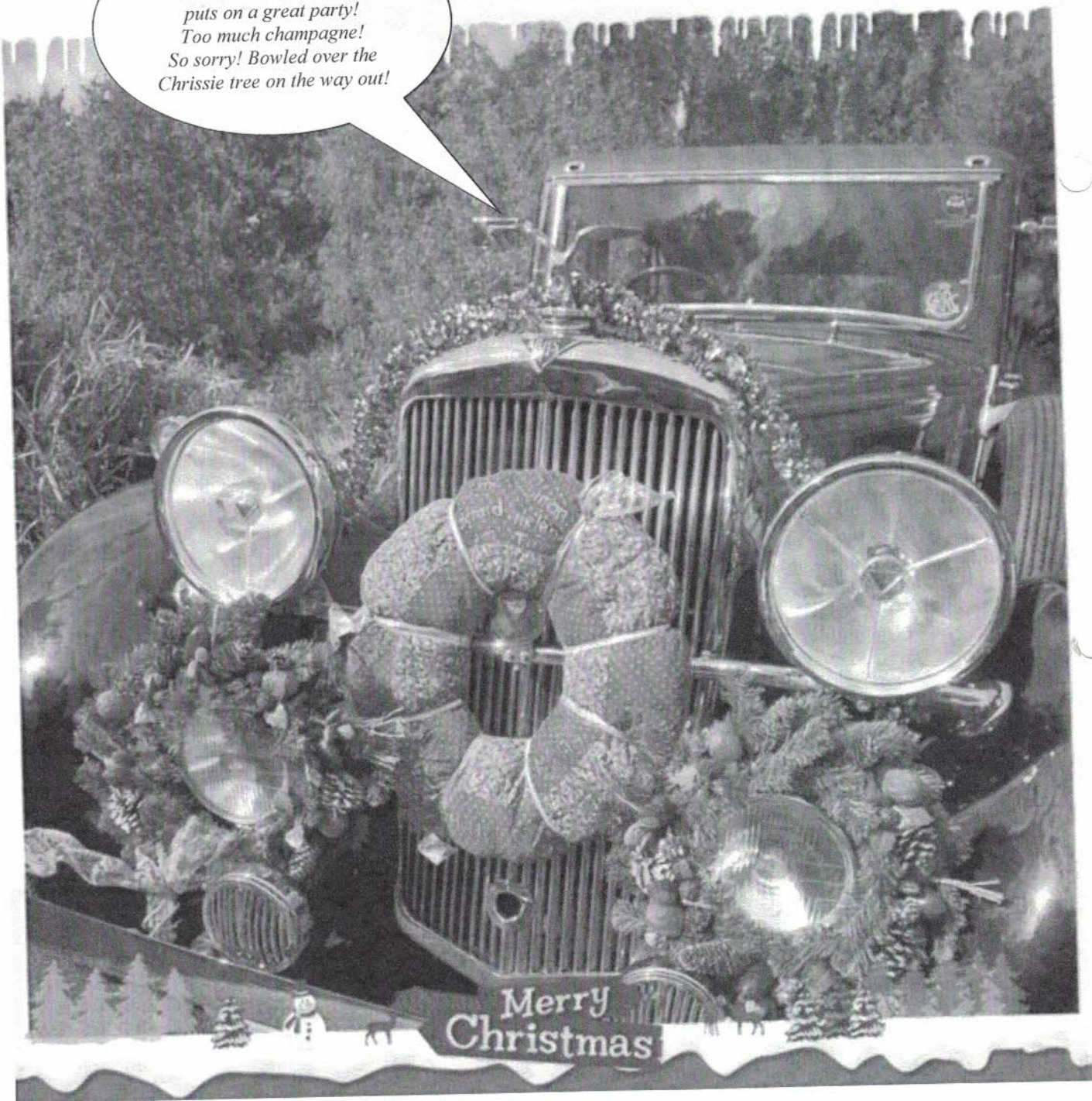
Darrell Horton, Craigieburn 03 8364 0612

## WANTED

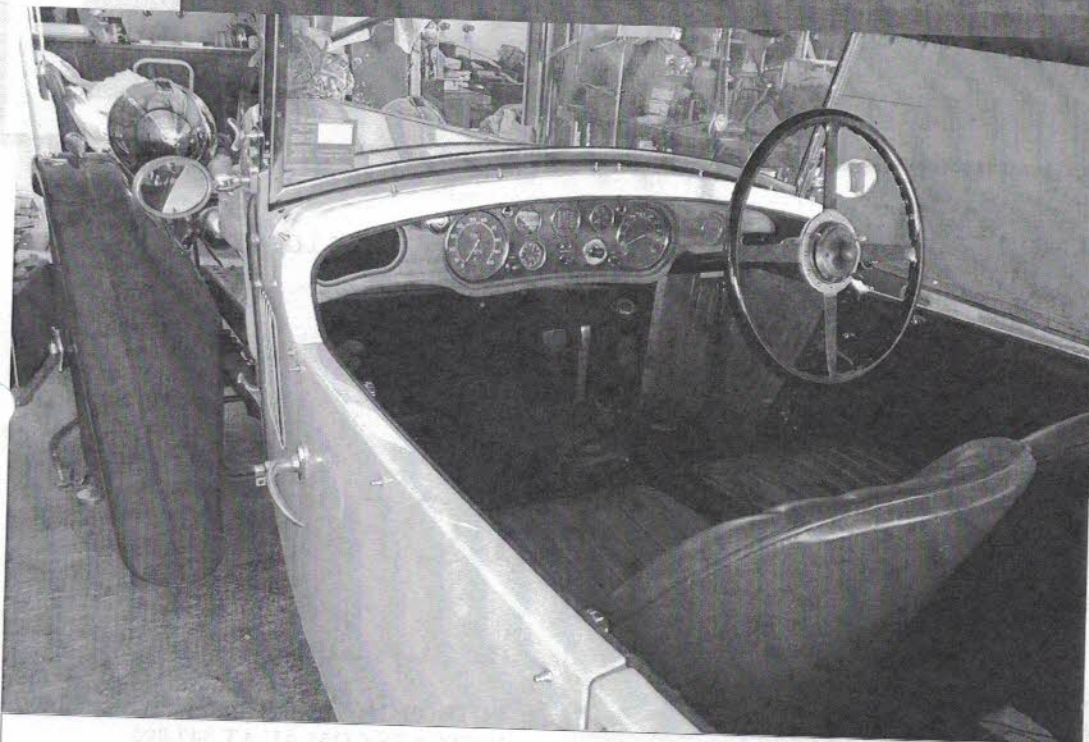
Brass-bodied SU fuel pump (even if the rest of it is incomplete).  
Contact Mark Weller, (0402) 429 022

# Alvis People Behaving Badly

Wow!  
Mrs Worthington-Smythe  
puts on a great party!  
Too much champagne!  
So sorry! Bowled over the  
Chrissie tree on the way out!



*Acknowledgement is made to the photographer June Keeble & the AOC Bulletin*



## FOR SALE

SG Silver Eagle Sports Tourer

12,000 miles since complete restoration including new body & full weather equipment & tonneau.

Chassis No. 12684 Original books & full history available

Restoration details available on request.

\$82,500 negotiable

Murray Fitch Telephone: 03 5766 2529

## FOR SALE

1 x 1928 TA16/95 Silver Eagle, car no 12006. Complete car in need of full restoration, complete with some spares including spare cylinder block and cylinder head. Reco-gearbox with John Needham gear set and original gear set also available, spare diff housing and diff centre.

1x 1951 TA/21 saloon chassis no 23864 body # M2047, complete car.

1x 1953 TC/21 saloon chassis no 25213 body # 3084 complete car in need of restoration.

Also included is a host of spares for the 51/53 cars including a full set of doors, guards and bonnets in excellent condition as well as spare guards that are good for a pattern, radiator shell, 2 spare motors and gearboxes as well as a host of parts including lights, trim, starter motors and generators. Too much to mention. This is a quite extensive collection of spares for these cars and is almost a complete car's worth.

To be sold as a complete collection will not separate cars or parts.

Located in Kyneton, Victoria

Call for more details - 0439 320 496 Andrew Twomey



**Wanted** Rear brake backing plate Passenger side rear for Speed 25. Please ring Chester Ph 0407113516.



## FOR SALE

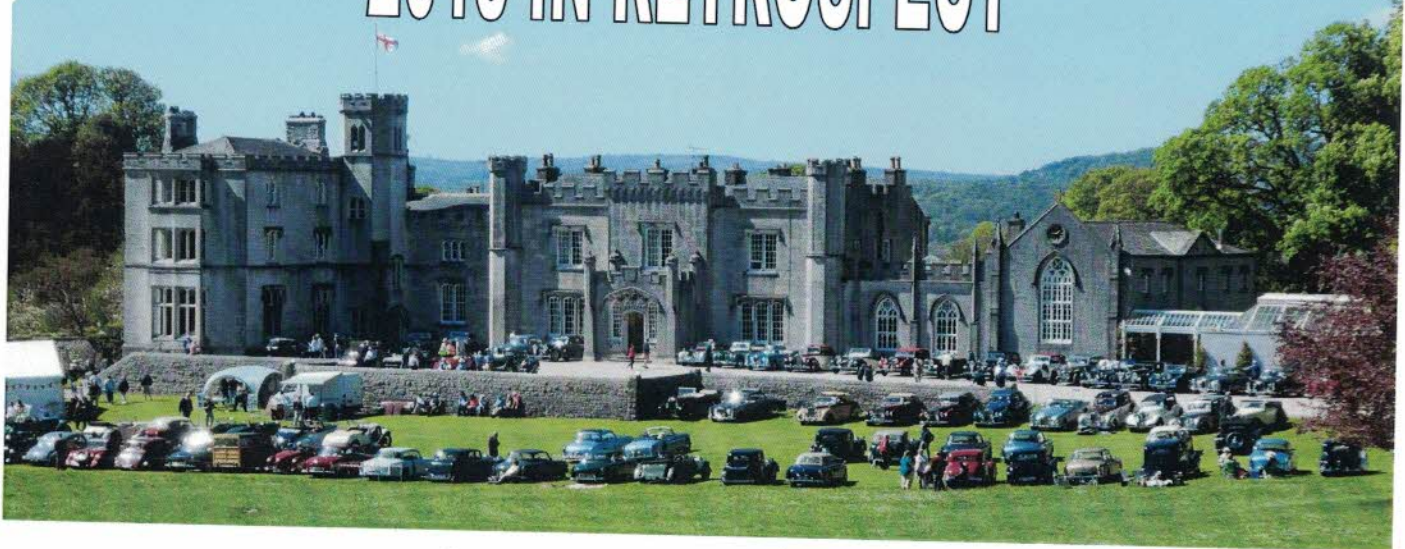
1947 TA14 SALOON

NOTED FOR SALE ON  
JUSTCARS.COM.AU AT \$42,000



*Yarra Valley Weekend Away  
A very wet April*

# 2018 IN RETROSPECT



*Several ACCV members attend the AOC  
International Weekend in May*



*Steve Denner competing at the Winton Histories Meeting  
May*



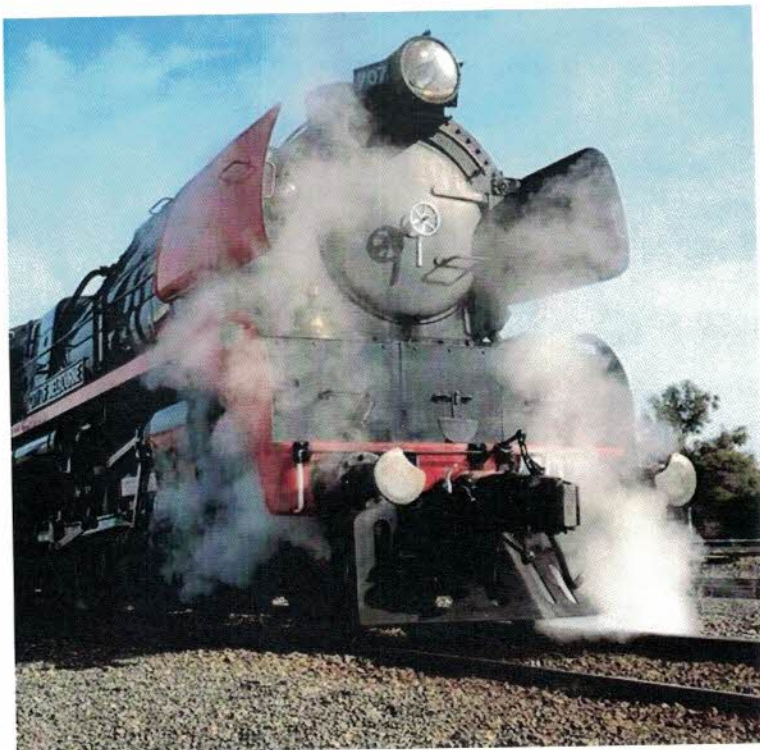
*Four of the five 12.50s at the Bellarine Weekend Away  
June*



Newport train workshop  
August



St Arnaud Weekend Away  
September



October visit to the Seymour Rail Heritage  
Museum