FILE NAME: Cape Asbestos (CAPE)

DATE: 1980 Mar

DOC#: CAPE183

DOCUMENT DESCRIPTION: Consolidated Profit and Loss Account - Charter Consolidated Ltd. & Subsidiaries [Legal - Tibbs Case Exhibit 81]

# Consolidated profit and loss account

Year ended 31 March 1980
Charter Consolidated Limited and its subsidiary companies

| | 1980 £000 | 1979 £000 |
|---|---|---|
| **Revenue** | | |
| Operating profit of industrial subsidiaries (note 1) | 19,790 | 20,887 |
| Income from investments (note 2) | 18,422 | 19,517 |
| Share of retained profits less losses of associated companies (note 4) | 13,463 | (56) |
| Surplus on realizations of investments | 5,758 | 11,990 |
| Interest receivable | 6,206 | 4,059 |
| | 63,639 | 56,397 |
| **Expenditure** | | |
| Administration and technical (note 1) | 3,601 | 3,771 |
| Prospecting | 699 | 1,079 |
| Interest payable (note 3) | 6,990 | 7,000 |
| | 11,290 | 11,850 |
| **Profit before taxation** | 52,349 | 44,547 |
| Taxation (note 6) | 20,752 | 17,965 |
| **Profit after taxation before extraordinary items** | 31,597 | 26,582 |
| *Deduct:* Interest of outside shareholders in profits of subsidiaries | 3,659 | 3,591 |
| **Profit attributable to Charter** | 27,938 | 22,991 |
| **Earnings per share** 26.63p (1979 – 21.93p) (note 7) | | |
| Dividends paid and proposed (note 9) | 8,760 | 9,043 |
| | 19,178 | 13,948 |
| *Add:* Extraordinary items (1979 – *deduct*) (note 8) | 54,551 | (5,682) |
| **Retained profit transferred to reserves** | 73,729 | 8,266 |

Profit for the year after extraordinary items totalled £82,489,000 (1979 – £17,309,000)

| | 1980 £000 | 1979 £000 |
|---|---|---|
| **Movements on reserves** | | |
| Reserves at 31 March 1979 | 159,810 | 150,467 |
| Retained profit for the year | 73,729 | 8,266 |
| Reduction in reserves as a result of the scheme of arrangement (note 18) | (10,528) | — |
| Elimination of associated company reserves on their ceasing to be associated companies | (12,035) | — |
| Premium (1979 discount) on purchase of shares of subsidiary companies | (334) | 94 |
| Surplus on revaluation of a subsidiary's freehold property | — | 983 |
| Reserves at 31 March 1980 (note 17) | 210,642 | 159,810 |

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.

# Consolidated balance sheet

31 March 1980

Charter Consolidated Limited and its subsidiary companies

| | 1980 £000 | 1980 £000 | 1979 £000 | 1979 £000 |
|---|---|---|---|---|
| Fixed assets (note 10) | | 68,336 | | 74,905 |
| Exploration and development expenditure | | 113 | | 122 |
| Investments (note 11) | | 142,711 | | 158,306 |
| Market or directors' valuation £242,175,000 (1979 – £282,239,000) | | | | |
| **Current assets** | | | | |
| Stocks and work in progress (note 12) | 53,824 | | 51,804 | |
| Debtors | 69,514 | | 59,565 | |
| Short term loans and deposits | 67,324 | | 48,550 | |
| Bank and cash balances | 2,581 | | 1,890 | |
| | 193,243 | | 161,809 | |
| **Current liabilities** | | | | |
| Associated companies' and other deposit accounts | 11,726 | | 5,938 | |
| Bank loans and overdrafts (secured – £503,000; 1979 – £1,358,000) | 9,605 | | 24,301 | |
| Unsecured 6½ per cent DM bonds (repaid 1 April 1980) | 19,002 | | — | |
| Creditors (note 13) | 71,325 | | 67,356 | |
| Taxation | 21,212 | | 5,863 | |
| Proposed final dividend | 5,247 | | 5,871 | |
| | 138,117 | | 109,329 | |
| **Net current assets** | | 55,126 | | 52,480 |
| Deferred taxation (note 6) | | 7,418 | | 10,880 |
| | | 273,704 | | 296,693 |
| Financed by. | | | | |
| Share capital (note 15) | | 2,103 | | 26,215 |
| Share premium account (note 16) | | 12,064 | | 30,695 |
| Reserves (note 17) | | 210,642 | | 159,810 |
| **Total capital and reserves** | | 224,809 | | 216,720 |
| Capital expenditure grants | | 2,825 | | 2,560 |
| Interest of outside shareholders in subsidiaries | | 22,944 | | 20,736 |
| Long term indebtedness (note 14) | | 23,126 | | 56,677 |
| | | 273,704 | | 296,693 |

J. N. CLARKE
B. W. PAIN
} Directors

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.

# Balance sheet

31 March 1980

Charter Consolidated Limited

| | 1980 £000 | 1980 £000 | 1979 £000 | 1979 £000 |
|---|---|---|---|---|
| **Subsidiary companies** | | | | |
| Shares at cost or valuation | 93,779 | | 93,779 | |
| *Add:* Amounts due from subsidiaries | 63 | | — | |
| | 93,842 | | 93,779 | |
| *Deduct:* Amounts due to subsidiaries | 85,068 | | 37,265 | |
| | | 8,774 | | 56,514 |
| **Current assets** | | | | |
| Bank balances | | 2 | | 2 |
| **Deferred asset** | | | | |
| Advance corporation tax (note 6) | | 2,249 | | 2,516 |
| | | 11,025 | | 59,032 |
| Financed by: | | | | |
| Share capital (note 15) | | 2,103 | | 26,215 |
| Share premium account (note 16) | | 82 | | 18,702 |
| Reserves (note 17) | | 2,420 | | 4,626 |
| **Total capital and reserves** | | 4,605 | | 49,543 |
| Long term indebtedness (note 14) | | — | | 2,337 |
| **Current liabilities** | | | | |
| Creditors | 88 | | 313 | |
| Taxation | 1,085 | | 968 | |
| Proposed final dividend | 5,247 | | 5,871 | |
| | | 6,420 | | 7,152 |
| | | 11,025 | | 59,032 |

J. N. CLARKE
B. W. PAIN } Directors

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.

# Source and application of funds

Year ended 31 March 1980

Charter Consolidated Limited and its subsidiary companies

| | 1980 | | 1979 | |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **SOURCE OF FUNDS** | | | | |
| Profit before taxation | | 52,349 | | 44,547 |
| Extraordinary items: | | | | |
| As a result of restructuring of the group and before taxation of £24,192,000 | | 78,421 | | — |
| Other items before interest of outside shareholders and adjusted for taxation relief of £9,450,000 (1979 – £16,162,000) | | (9,420) | | (22,241) |
| | | 121,350 | | 22,306 |
| *Adjustments for items not involving movements of funds* | | | | |
| Depreciation | 8,073 | | 7,248 | |
| Provisions against mining projects and investments | 5,756 | | 25,483 | |
| Effect of currency translation on loans, investments, and fixed assets | 481 | | 3,137 | |
| Share of retained profits less losses of associated companies | (8,678) | | 1,295 | |
| | | 5,632 | | 37,163 |
| **Funds generated** | | 126,982 | | 59,469 |
| Disposal of fixed assets | 15,836 | | 506 | |
| Increase in government grants | 265 | | 14 | |
| | | 16,101 | | 520 |
| | | 143,083 | | 59,989 |
| **APPLICATION OF FUNDS** | | | | |
| Purchase of fixed assets | 18,492 | | 18,650 | |
| Transfer of investments and cash as part of the scheme of arrangement (note 20 (i)) | 53,347 | | — | |
| Investments (note 20 (iv)) | 5,943 | | 381 | |
| Goodwill on acquisition of subsidiaries | 334 | | (94) | |
| Taxation paid | 8,375 | | 9,903 | |
| Decrease in long term indebtedness: | | | | |
| Unsecured 6½ per cent DM loan bonds (note 20 (iii)) | 8,822 | | — | |
| Other | 4,510 | | (287) | |
| Increase in working capital and other items (note 20 (v)) | 5,504 | | 6,621 | |
| Dividends paid | 9,384 | | 8,704 | |
| | | 114,711 | | 43,878 |
| **Increase in liquid funds** | | 28,372 | | 16,111 |
| Increase in short term loans, deposits, and cash | 19,465 | | 25,378 | |
| Increase in associated companies' and other deposit accounts | (5,788) | | (1,441) | |
| Decrease in bank loans and overdrafts | 14,695 | | (7,826) | |
| | | 28,372 | | 16,111 |

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.
Notes on the source and application of funds are in note 20 on page 35.

# Charter Consolidated Limited

**Annual report and accounts for the year ended 31 March 1980**

**Contents**



COVER PICTURE
*Rock bolts in the furnace at the Worksop factory of Torque Tension Limited*

# Notice of meeting

NOTICE IS HEREBY GIVEN that the fifteenth annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BU, on Thursday 7 August 1980 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1980

2. To declare a final dividend

3. To reappoint as directors Dr A. Spinks, Mr M. B. Hofmeyr, Mr G. W. H. Relly, and Mr P. C. D. Burnell

4. To reappoint Coopers & Lybrand and Deloitte Haskins & Sells as joint auditors and authorize the board to fix their remuneration

5. To consider the following resolution which will be proposed as an ordinary resolution:

   'That the authorized share capital of the company be and is hereby increased from £2,681,712.52 to £2,700,000 divided into 135,000,000 shares of 2p each by the creation of 914,374 shares of 2p each'

6. To consider the following resolution which will be proposed as a special resolution:

   'That the articles of association of the company be and are hereby amended by the deletion of the first sentence of article 85(1) and the substitution therefor of the following sentence:

   "Each of the Directors (other than a Director holding any salaried office or employment under the Company) shall be entitled to remuneration at the rate of £4,000 per annum or otherwise at a rate to be determined by the Directors up to a maximum of £6,000 per annum or such other amount as the Company may by Ordinary Resolution determine."'

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. A form of proxy accompanies this notice.

by order of the board
D. S. BOOTH
*secretary*

40 Holborn Viaduct
London EC1P 1AJ

10 July 1980

NOTES

1. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer (see page 44).
2. To be valid the form of proxy must reach the company at PO Box 102, Charter House, Park Street, Ashford, Kent TN24 8BR, not less than 48 hours before the meeting.
3. There are no directors' service contracts required by The Stock Exchange to be made available for inspection at the meeting.

## Important dates*

| | |
|---|---|
| **1980** | |
| Annual general meeting | Thursday 7 August |
| Payment of final dividend | Saturday 9 August |
| Declaration of interim dividend and publication of half-yearly report | Tuesday 2 December |
| **1981** | |
| Payment of interim dividend | Friday 9 January |
| Recommendation of final dividend and publication of consolidated profit statement | Tuesday 23 June |
| Posting of annual report and accounts | Thursday 9 July |

*subject to change if unforeseen circumstances arise

# Directors

**Chairman**
Dr A. Spinks, CBE, FRS

**Deputy chairman**
*Sir Philip Oppenheimer

**Chief executive**
*J. N. Clarke

**Directors**
P. C. D. Burnell
J. E. H. Collins, MBE, DSC
J. O. Hambro, MC
*G. A. Higham
M. B. Hofmeyr
*F. J. A. Howard
H. F. Oppenheimer
*A. J. W. Owston
*B. W. Pain
G. W. H. Relly
*J. G. Richardson
M. W. Thomas
J. Ogilvie Thompson

**Alternate directors**
R. J. Armitage
J. D. Ballardie
J. V. Cleasby
A. E. Oppenheimer
M. J. Statham

**Secretary**
D. S. Booth

*executive directors

# Financial summary

| | 1980 £ million | 1979 £ million |
|---|---|---|
| Profit before taxation | 52.3 | 44.5 |
| Attributable earnings | 27.9 | 23.0 |
| Extraordinary items (1979 deficit) | 54.6 | (5.7) |
| Net assets (including appreciation of investments) | 324.3 | 340.7 |
| Earnings per share | 26.6p | 21.9p |
| Dividends per share | 8.35p | 8.62p |
| Net assets per share | 309p | 325p |

NOTE
The results cover the restructuring which occurred during the financial year and are not directly comparable with those of the previous year. Similarly the figures taken from the balance sheet at 31 March 1980 reflect the reduction of capital under which shareholders received in respect of each Charter share one quarter of a share in Minerals and Resources Corporation Limited (MINORCO) worth at the time of the offer 55p. At the time of the restructuring the directors of MINORCO forecast a gross dividend, equivalent to 1.73p per Charter share, to be paid in November 1980.

# Chairman's introduction

The year was exceptionally important for Charter because of the major restructuring which took place. The distribution and balance of our assets and business interests were substantially changed by the disposal of most of our holdings in South African mining investments; in exchange we acquired, together with cash and other assets, a 28 per cent holding in Johnson, Matthey & Co., which becomes an associated company and provides a valuable addition to our expanding industrial interests. The restructuring also involved a reduction of capital to enable shareholders to participate directly in Minerals and Resources Corporation, a Bermudian based holding company with mining and industrial investments mainly in North America.

The profits achieved during the year are thus not directly comparable with those of earlier years. Nevertheless, they show a pleasing overall increase given the difficult business environment of 1979.

There have also been major organizational changes and I should like to express special thanks to Murray Hofmeyr, who left to take up a senior appointment with Anglo American Corporation of South Africa in Johannesburg after seven years as managing director of Charter, four of them also as chairman. Murray provided outstanding leadership during a period of considerable difficulty and will be greatly missed. I should also like to pay a tribute to Lionel Stopford Sackville, an executive director who resigned during the year. His skill and experience, particularly in financial matters, made a most valuable contribution to our business over many years.

I have joined Charter at a time of great challenge for the British economy and the company. The inevitably adverse initial effects of the British government's rigorous monetary policy are falling mainly on the United Kingdom manufacturing sector. British industry faces weak demand, rapidly rising costs, and intense foreign competition which has increased with the strengthening of sterling. All this must restrain the growth of Charter's industrial subsidiaries for some time, but the achievement of significantly lower inflation is an objective sufficiently important to justify acceptance of some temporary adversity.

Under the company's restructuring scheme, Charter received a substantial amount of cash, part of which was used to repay the deutsche mark loan, so that the gearing element in Charter's capital structure is now very low. Furthermore, our cash assets and borrowing capacity are backed by a strong and diversified portfolio of investments which could be used to supplement these resources. We expect that government policies will lead to an improvement in the economic climate and Charter is thus well placed to develop its mining and industrial interests, and we are actively seeking suitable opportunities to do this by expansion or acquisition.

London
24 June 1980

A. SPINKS
*chairman*

# Chief executive's report

Charter's profits for the year to 31 March 1980 before tax and extraordinary items were £52.3 million, and earnings after tax were £27.9 million (1979 – £23.0 million), equivalent to 26.6p per share (1979 – 21.9p per share). The restructuring of Charter took place effectively in the middle of the accounting year and the results cover the period of change. They are not therefore directly comparable with the previous year, but nevertheless can be regarded as satisfactory.

The restructuring represented a significant development for the company and for shareholders who, following the reduction of capital, received for every four shares held in Charter one share in Minerals and Resources Corporation (MINORCO). We disposed of nearly all our investments in South Africa and adjoining territories, including in particular our holdings in Anglo American Corporation of South Africa (AAC), Anglo American Investment Trust (ANAMINT), and Rustenburg Platinum Holdings. We also sold our interests in the Anglo American Corporation regional companies in Australia and Brazil, together with part of our holding in Anglo American Corporation of Canada (AMCAN). In exchange, we acquired a 28 per cent holding in Johnson, Matthey & Co. and increased our interest in Tara Exploration and Development Company and Société Minière d'Anglade. We received a payment in cash which, after providing for estimated tax liabilities, amounted to £31 million. This contributed substantially to our cash resources, as well as providing the funds required to prepay the loan in deutsche marks which we raised in circumstances when direct investments overseas had to be financed from foreign borrowings. We have thereby eliminated the risk of further losses in this respect through exchange rate movements.

The exchange of assets gave rise to an overall profit which, after providing for the tax applicable to the various transactions, amounted to £54.2 million, and this sum has been credited to extraordinary items. Following the reduction of capital under which shareholders received one quarter of a MINORCO share worth approximately 55p for each Charter share, the net value of Charter's assets at the year end was £324 million, equivalent to 309p per share. The asset value at the end of the previous year, prior to the capital reduction, was £341 million or 325p per share.

The operating profits of Charter's industrial subsidiaries amounted to £19.8 million, compared with £20.9 million in the previous year. The sale by Cape Industries of its mining division resulted in a loss of contribution of £1.6 million for the year, and the results of Cape's automotive and engineering division were disappointing. However, the excellent performance of the building and insulation division meant that Cape's operating profits were only marginally lower than in 1978. The strikes by the road hauliers and the engineering workers had an adverse effect on the profits of our other industrial subsidiaries during a year in which trading conditions were generally difficult. Capital expenditure by these companies amounted to £18.0 million in 1979, and the programmes to improve and increase productive capacity should show benefits in an increasingly competitive environment. On the basis of the standard accounting practice for current cost accounting, but without any adjustment for gearing and excluding interest, it is estimated that the operating profits of the industrial subsidiaries would be approximately £9.0 million.

We earned satisfactory profits on our portfolio investment activities and we sold most of our shares in Harmony Gold Mining Company, which together resulted in a surplus on realizations of £5.8 million. A substantial currency exchange profit arose during the year on foreign loans held to finance portfolio investments through the appreciation of sterling.

We received a full year's dividend from ANAMINT and the final dividend in respect of the previous year from AAC prior to the transfer of these holdings in terms of the restructuring, and our income from investments at £18.4 million showed only a modest fall from last year's figure of £19.5 million. As a counter to the drop in investment income, which will be more marked next year when the full effect of the sale of investments will be felt, our share of the retained profits of associates rose to £13.5 million before tax, compared with a small loss last year.

Following the acquisition of our 28 per cent shareholding, Johnson Matthey has become an associated company. Its results have been outstanding and Charter's share of its retained profits for the second half of the year amounted to £5.9 million before tax. In the current financial year we will incorporate our share of a full year's results of Johnson Matthey. Also included in associated companies' earnings is an amount of £5.4 million in respect of MINORCO for the period until the enlargement of its capital, when our holding was reduced to 14.7 per cent and it ceased to be an associated company. Similarly an amount of £1.8 million has been included for AMCAN until it ceased to be an associated company. The taxation charge relating to associated companies does not include relief in respect of the loss of Cleveland Potash and is therefore disproportionately high at £8.6 million.

Our share of Cleveland's loss up to 30 September 1979, which amounted to £4.6 million, has been included in the associated companies' results. As an integral part of the restructuring scheme AAC agreed to provide additional funds for the operation of the Cleveland Potash mine and Charter was relieved of any further commitment in this respect. Charter's liability in the event of closure of the mine was fixed at a maximum of £4.5 million, being the proportion of the then estimated closure costs represented by our 37.5 per cent interest. In view of the continuing losses being sustained at Cleveland, a full provision has been made against funds provided during the year to meet operating losses and to discharge loans. As a matter of prudence, a provision has also been made against the maximum liability in the event of closure. After taxation relief of £6.8 million, and with the current year's loss being taken in associated companies' results, there is a credit of £1.6 million to extraordinary items in respect of Cleveland. After taking credit for the profit on the sale of the balance of Union Corporation shares, a long term investment, the surplus from the restructuring, and other miscellaneous items, the total credit under extraordinary items amounts to £54.6 million.

Charter's restructuring during the year has led to a reorganization of the company into four operating divisions each headed by an executive director. Anthony Owston has returned from our office in Kuala Lumpur to direct the mining division, and Geoffrey Higham, chairman of Cape Industries, has joined Charter as an executive director in charge of the industrial division. Francis Howard is now the head of the finance division, and John Richardson is in charge of the administration division which includes domestic and client services as well as the new business department.

These divisions emphasize the diverse nature of the company's business and reflect our policy that the profitability of each sector should be capable of separate assessment. The executive directors in charge of the divisions and the managers responsible to them will be expected to set and attain realistic profit targets for their areas of interest.

This is a significant change in the style in which Charter operates and such changes take time to implement. However, I hope that 1980 will begin to show the results of this approach and that an increased awareness of profit responsibility will be reflected in the company's growth and improved financial performance.

Charter intends to develop on two fronts. We have the financial resources and a highly skilled technical and administrative staff to enable us to develop medium scale mining projects in Europe and further afield. Investment in new mines carries with it a high element of risk, but in the case of particular minerals which are becoming increasingly scarce we believe that the potential reward more than justifies the accompanying level of risk.

However, we are also diversifying more into industrial investment. I am confident that the areas in which Charter is presently involved offer scope for the future, and the company will be seeking where possible to extend its interests in these sectors. While recognizing the difficulties that British industry faces in the shorter term, I believe that an increasingly energy-conscious world will require a more significant use of rail transportation and an increased supply of coal and the equipment used in its extraction. In May we acquired a large block of shares in Anderson Strathclyde, taking our holding in that company to 28.4 per cent. Anderson Strathclyde manufactures mining equipment, including a range of coal shearers which are used in the longwall system of mining.

Shareholders will be aware of the approach by British Petroleum to Selection Trust, in which we have an interest of 25.7 per cent, which may lead to an offer being made for the whole of the share capital of Selection Trust. No formal offer has yet been made. If discussions between the companies result in an offer, we will then advise shareholders of the board's view.

The financial restructuring and the subsequent internal reorganization have made considerable demands on our employees, particularly those in head office, during the last year. I am very pleased to have this opportunity to acknowledge their outstanding contribution and on behalf of the board to express to all our employees throughout the group my gratitude for their loyalty and dedication.

London
24 June 1980

J. N. CLARKE
*chief executive*

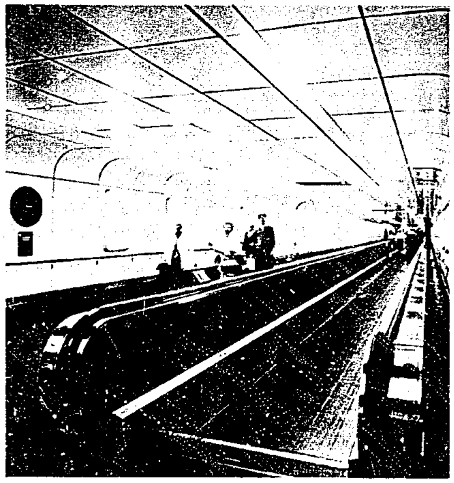
# Review of interests and operations

The percentage figure after each company's name reflects Charter's interest in its equity capital.

## INDUSTRIAL

### Cape Industries Limited (67.3%)

The group had a successful year considering the generally difficult trading conditions. Group turnover amounted to £204 million, compared with £180 million in 1978, and net profit before tax and extraordinary items was £12.5 million, compared with £12.7 million last year. As noted in last year's report, Cape's South African asbestos mining companies were sold on 29 June 1979 to Transvaal Consolidated Land and Exploration Company Limited. Accordingly,



*A new passenger facility at Gatwick airport lined with 'Monolux 40' fire-resistant panels from a range of non-asbestos products, developed by Cape Boards and Panels Limited. This range of products earned the company the 1980 Queen's Award for Technological Achievement*

the contribution of these companies to operating profit for the first six months, plus the saving in interest charges for the rest of the year as a result of cash received at the time of the sale, amounted to £2.6 million. This compares with the contribution to operating profit of the asbestos mining companies of £4.2 million for the year 1978. The sale of these mines and the continuing process of substitution for products containing asbestos has resulted in less than 20 per cent of Cape's trading profit deriving from asbestos.

The reduction in profit arising from the sale of the mining companies was almost fully compensated for by the improved performance of the industrial operations, despite disappointing results from the automotive and engineering division, which reported trading profits of £1.2 million, compared with £2.2 million last year. The building and insulation division had another excellent year, with all its sections contributing higher sales and profits. Trading profit for the division was £12.1 million, compared with £8.7 million in 1978. However, prospects for the current year in the construction and automotive markets are uncertain. There are signs that the demand for insulation products will increase as the cost of energy continues to rise, and Cape is well placed to benefit from this, being the largest contractor in the country for insulation services to industrial and domestic markets. However, sales of Cape's more conventional building products and sales in the automotive division are expected to be affected by a general decline in industrial activity.

### Heatrae-Sadia Holdings Limited (100%)

The group manufactures a range of water and space heating products and catering equipment and reported sales of £17.6 million in 1979, compared with £15.0 million in 1978. Operating profit before interest and tax increased to £1.0 million from £0.7 million.

The group suffered from the road hauliers' strike in the early months of the year and, later, the more damaging engineering workers' strikes. Without these, performance for the year would have improved considerably. Export effort continued, with the 1978 export values being maintained despite the stronger pound and the relatively high cost of manufacture in

*Final wiring of a water heater for the Admiralty, at the Heatrae-Sadia Heating Limited factory in Norwich* the United Kingdom. Prospects for the group in 1980 are for consolidation of the 1979 position during a period in which the market is expected to reflect the generally depressed state of the economy.

### MKR Holdings Limited (100%)

MKR Holdings, which produces and markets a wide range of drink cooling and dispensing equipment, had a disappointing year, with sales of £19.6 million, compared with £17.4 million in 1978, but operating profits before interest and tax were reduced to £1.9 million, against £2.5 million. Poor productivity in Gaskell & Chambers Limited led to a decline in sales (despite a strong order position) and resulted in trading profits less than half those of last year. This, together with a reduction in margins at M.K. Refrigeration Limited, was mainly responsible for MKR's poor results, overshadowing some improved performances in the smaller companies. Steps have been taken to improve productivity and to restore margins and it is expected that 1980 will show significant improvement, provided the spending plans of the brewery and distillery industries are maintained.

*Quality controllers examining precision engineering components at the Orpington, Kent, factory of Paterex Limited, part of the MKR Holdings Limited group*

### Pandrol International Limited (100%)

Pandrol International, which was formerly Elastic Rail Spike Company, manufactures and markets railway track fastenings and associated components. Operating profits at £2.1 million were marginally above the 1978 level of £1.9 million, despite a small decrease in sales from £19.9 million to £19.2 million, and would have been significantly higher if the strength of sterling had not eroded profits of the overseas subsidiaries. Operations in the United Kingdom responded to a decline in demand by achieving significant increases in productivity, which allowed profitability to be maintained. The established overseas operations in Australia and Canada both performed well and improved upon 1978's results. The first year of trading in Brazil proved to be profitable, whilst the new operation in the United States had a more uncertain start. Prospects for 1980 are for performance to be in line with that of 1979.

*Sir Charles Court, Premier of Western Australia (right), at the opening of the Pandrol International group's new factory at Maddington, near Perth, with Mr Bryan Clough, managing director of Pandrol International Limited (left), and Mr Roy Colville, former managing director of Pandrol Australia*

### Torque Tension Limited (100%)

The company produces hydraulic drilling equipment and strata support products and reported a decline in trading profits from £430,000 to £370,000, despite a significant increase in sales from £4.3 million to £5.4 million. Profits were adversely affected by the planned increase in expenditure on research and development and on export marketing. However, this expenditure is expected to show returns during the current year, and prospects for 1980 are for a recovery in profits, although this will depend on the National Coal Board being able to maintain its forecast levels of capital expenditure.

## MINING

### Malaysia Mining Corporation Berhad (28.6%)

Malaysia Mining Corporation (MMC) has substantial investments in some thirteen major tin producing companies operating principally in Malaysia but also in Thailand and Nigeria. In addition, MMC has a significant interest in the Ashton joint venture, a diamond prospecting partnership operating in Western Australia. MMC's pre-tax profit for the year ended 31 January 1980 was M$68.2 million, a substantial improvement on the M$52.9 million reported for the previous year. This improvement was mainly due to the first full year of MMC's marketing operations, which benefited from a very high tin price, and also to the disposal of some of MMC's investments.

The MMC group companies operating in Malaysia produced in 1979 a total of 19,550 tonnes of tin concentrates. This represents a marginal decline of three per cent from the previous year's production of 20,210 tonnes and was largely due to the lower grade of the ground being mined. Partially in response to this trend of declining production, MMC is pursuing an active exploration programme to identify new tin and other mineral deposits in Malaysia.

Negotiations have continued during the past year regarding the tin deposit in the Kuala Langat region of Selangor state, which is the largest undeveloped tin orebody in Malaysia. These negotiations culminated in a series of agreements, signed in June 1980, under which Charter's interest in the project has been assigned to MMC. In terms of Charter's agreement with its partner in MMC, Pernas Securities Sendirian Berhad, it has always been understood that Charter's interest in the south Selangor project would eventually be assumed by MMC and it was judged that the implementation of the project would be facilitated if this transfer took place at the present stage. MMC will have a 30 per cent investment in the joint venture, and Tronoh Mines Berhad, in which MMC has a 29.9 per cent interest, will hold five per cent. Kumpulan Perangsang Selangor Berhad, which is a subsidiary of the Selangor State Development Corporation, will hold the remaining 65 per cent interest. Charter's indirect involvement in this most

*Aerial view of a dredge of Berjuntai Tin Dredging Berhad, part of the Malaysia Mining Corporation group* interesting project will therefore be approximately nine per cent.

Towards the end of 1979 the Ashton joint venture announced the discovery of an alluvial diamond deposit together with an adjacent kimberlite pipe, near Lake Argyle in the eastern part of the Kimberley region of Australia. Prospecting work is currently being undertaken to determine the economic potential of this deposit.

MMC is proceeding with the preparatory work for constructing its own smelter, although negotiations for securing an equity participation in one of the two existing smelters are continuing. It is the intention that MMC should at an appropriate time seek a public quotation on the Kuala Lumpur and Singapore stock exchanges.

**Beralt Tin and Wolfram Limited** (50%)

Beralt Tin and Wolfram (Beralt) holds 80.55 per cent of Beralt Tin & Wolfram (Portugal) S.A.R.L., which owns and operates a wolfram, tin, and copper mine and plant at Panasqueira in central Portugal. Beralt also has a 64.8 per cent indirect interest in Minas da Borralha S.A.R.L. which owns a wolfram mine and plant in northern Portugal. Although wolfram prices in 1979 were generally lower than those in 1978, the year was satisfactory due to a rise in production and sales of concentrates. At Panasqueira, production of concentrates in 1979 amounted to 1,783 tonnes of wolfram, 1,818 tonnes of copper, and 88 tonnes of tin, compared with 1,450, 1,101, and 62 tonnes respectively produced in 1978. This improvement was largely due to the introduction of mechanized stoping and modifications to the treatment plant, as well as a higher grade of mined ore. Profit attributable to Beralt, after taxation and minority interests, was £2.4 million for the year (21.0p per share), compared with £2.1 million (18.5p per share) in 1978. The escudo continued to depreciate against the pound during the year, and as a result an exchange loss of £817,000 has been charged to the profit and loss account.

1980 opened well for Beralt and, provided production levels are maintained and the market remains reasonably stable, the year's results should be satisfactory.

**Cleveland Potash Limited** (50%)

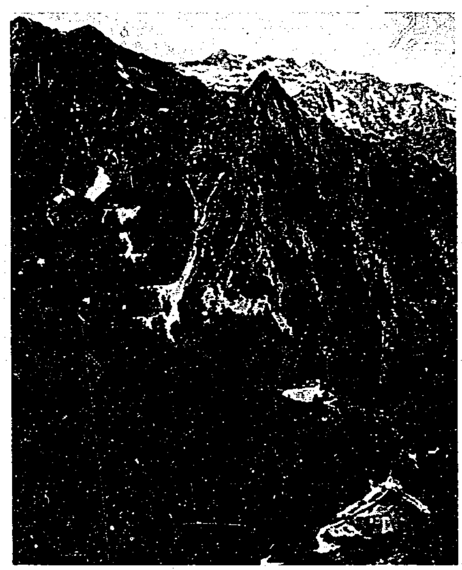
Charter and AAC acquired in October 1979 the 50 per cent interest of Imperial Chemical Industries Limited in Cleveland Potash for a nominal consideration, and as a result they now each hold 50 per cent of the equity. All third party loans for which guarantees and other assurances had been given were paid off and Charter's share of this was £9.7 million.

AAC undertook to provide further funds for the mine which are recoverable with an annual return of 25 per cent as a first call on Cleveland's cash flow; by 31 December 1979 AAC had provided £4.6 million on that basis.

Production in 1979 was 440,000 tonnes of potash, which was 77 per cent higher than in 1978. In February 1980, after a review by the partners, it was decided to continue operations at the mine. In the first quarter of 1980 higher tonnages were hoisted but, due to the necessity to carry out development in salt to a far greater extent than envisaged, the ore was diluted and output of potash consequently reduced. This development has now been completed, and the grade of ore and output have improved. Although production levels in May and June showed a marked increase due to the higher mined grade, costs have continued to escalate and the mine has not so far achieved an operating surplus. Its future must depend on the consistent attainment of production targets.

**Société Minière d'Anglade** (40%)

The company owns a small tungsten mine located in the Pyrenees which operated satisfactorily during the year. However, due to a decline in the tungsten price, sales revenue fell by 8.6 per cent to FF35.0 million. The company will pay a dividend of FF2.4 million in respect of the year to December 1979, compared with FF4.5 million in the previous year.



*A view of some of the surface workings of the Société Minière d'Anglade mine in the French Pyrenees*

### Exploration

After allowing for sums recovered from partners and for grants received from the Department of Industry and the EEC, expenditure on exploration amounted to £699,000. The decrease from last year was largely due to the termination of Charter's participation, as a result of the restructuring, in ventures in Australia and Brazil and the lower expenditure than planned on North Sea oil. Programmes were maintained in Spain, France, and the United Kingdom, with tungsten, tin, and uranium as the main targets. A prospect near Segovia in Spain shows promise of a relatively small polymetallic orebody on which drilling and metallurgical testing is continuing. Exploration work in the United Kingdom is hampered by the serious difficulties involved in identifying the ownership of mineral deposits and negotiating the right to explore. In the North Sea Charter has an 8¼ per cent interest in a fifth round licence block, where a well is planned in 1980, and it has taken a 10 per cent interest in a group which intends to apply for licences in the seventh round.

## FINANCE AND INVESTMENT

### Anglo American Corporation Zimbabwe Rhodesia Limited (33.5%)

Anglo American Corporation Zimbabwe Rhodesia (AMZIM) reported profits of Z$3.0 million for the year ended 30 June 1979, compared with Z$3.3 million in the preceding year. A dividend was declared for the year of 5 cents per share (1978 – 5 cents), equivalent to 48 per cent of profits.

The major mining investments of AMZIM are in Wankie Colliery Company Limited, Bindura Nickel Corporation Limited, and Rhodall Limited. Wankie Colliery supplies the entire internal market and exports coal and coke to neighbouring countries. It is now planning an expansion programme in order to supply fuel to a new thermal power station which will substantially increase the country's power generation capacity. Rhodall operates three chrome mines and a ferrochrome smelting plant.

AMZIM also has important investments in cane sugar production, flour and maize milling, and forestry and timber processing.

### Botswana RST Limited (4.5%)

Botswana RST (BRST) has an interest of 85 per cent in BCL Limited which owns a nickel/copper mining operation at Selebi-Phikwe in the Republic of Botswana. Production in 1979 of nickel/copper matte was a record 39,823 tonnes and this, combined with greatly increased metal prices, resulted in an operating profit of P15.8 million, compared with P2.0 million in 1978. After deducting interest payable and adding exchange gains, the loss on current operations was P16.5 million, compared with a loss of P24.7 million in 1978. BCL's matte sales were restricted as a result of a labour dispute at the Amax Nickel Refining Company Inc. refinery, as Amax Nickel Inc. declared force majeure to all its raw material suppliers with effect from 1 September 1979. The loss on current operations would have been reduced still further if normal sales had taken place in the last four months of the year. The dispute has since ended and force majeure was lifted on 25 January 1980.

### Covenant Industries Limited (33.9%)

The company manufactures and formulates agricultural chemicals, paints, and commercial explosives and also imports and markets chemicals and related products. It operates principally in Kenya, Nigeria, Tanzania, and Zambia. The consolidated profit before taxation and extraordinary items for the year ended 30 September 1979 was £2.9 million, against £3.7 million in the previous year. The fall in profit was caused principally by the difficult trading conditions in Nigeria and the reduction in the company's shareholding in Chemical and Allied Products Limited to 40 per cent compared with 60 per cent in the previous year. In spite of generally difficult trading conditions, Dukon Limited, which manufactures paints in Zambia, increased its profits.

### Hudson Bay Mining and Smelting Co. Limited

Hudson Bay Mining and Smelting Co. (Hudbay) is held as to 44.8 per cent by AMCAN, in which Charter has a 10.7 per cent interest. It is a diversified natural resources company, being a major producer of copper and zinc in North America.

Hudbay's earnings after tax for the year ended 31 December 1979 rose from C$5.1 million to C$30.8 million, and the company paid dividends of 80 cents per share in 1979, whereas no dividend payments had been made in the previous year. Earnings per share at C$3.05 per share were a substantial improvement on those of 50 cents per share in 1978. The Canadian metals division had a much better year in 1979, with contributions to net earnings of C$27.9 million, compared with only C$5.0 million the previous year, which was largely due to firmer metal prices. Inspiration Consolidated Copper Company, owned 50 per cent by Hudbay and 50 per cent by MINORCO, earned US$7.4 million, compared with a loss of US$7.8 million in 1978. This was largely due to higher selling prices of copper, up from 64.9 cents per pound in 1978 to 89.2 cents per pound in 1979. Hudbay's petroleum subsidiaries, Canadian Merrill Ltd and Francana Oil & Gas Ltd, reported improved earnings as a result of higher oil and gas prices as well as higher gas production in Canada. Earnings of Terra Chemicals International Inc. increased to US$2.7 million from

US$1.3 million the year before, which represents a substantial improvement over last year and a reversal of a four-year trend of declining earnings.

During the year Hudbay acquired a 9.8 per cent holding in Rosario Resources Corporation of New York for around C$24 million and made a tender offer for the company. As a result of a counter-bid this stake was sold to Amax Inc., at a profit of nearly C$20 million.

**Johnson, Matthey & Co. Limited** (28.1%)

The company and its subsidiaries form a British based metals refining and industrial group with world-wide interests in trading in precious metals, metals refining, chemicals, mechanical products, colours and transfers, and banking. The group reported excellent results for the year to 31 March 1980, with profits before taxation of £38.6 million, 79 per cent higher than the figure of £21.6 million for the previous year. Earnings per share amounted to 48.0p (1979 –26.1p) and dividends of 15p per share were declared for the year (1979 – 8.5p).

The higher activity in world precious metal markets led to greater opportunities for the group's metal trading and bullion banking operations. Group sales, excluding those of Johnson Matthey Bankers Limited, were £866 million for the year, compared with £561 million in 1979, reflecting the growth of the group's industrial interests and also the rise in precious metal prices. Increased working capital requirements due to high prices of raw materials, together with high interest rates in the United Kingdom, led to an increase in interest charges from £4.6 million in 1979 to £9.3 million in 1980.

In October 1979 Johnson Matthey Chemicals Limited completed an improved and extended metals refinery at Brimsdown, at a cost of £6 million, which is now one of the largest and most modern precious metals refineries in the world. The group's prospects for 1980/81 are difficult to forecast, but following the significant capital investment made in recent years growth is expected to be maintained, and even better results than those of the record year just ended should be achieved in the years ahead.

**Minerals and Resources Corporation Limited** (14.7%)

MINORCO is a holding company, based in Bermuda, whose purpose is to invest in mining and industrial projects throughout the world.

Net income before group share of retained net earnings of associates was US$15.1 million, marginally less than the previous year. The decision was taken, however, to equity account for the first time for the earnings of MINORCO's associates, which brought profits before extraordinary items to US$35.5 million. Due to difficulties in remitting funds from Zambia, the profit of Zamanglo Industrial Corporation Limited was no longer consolidated, which led to a fall in group income of US$1.3 million. Engelhard Minerals & Chemicals Corporation (EMC), in which MINORCO has an interest of 28.4 per cent, made profits after tax in 1978 of US$142.2 million, compared with US$122.6 million in 1977, and dividends paid to MINORCO amounted to more than two thirds of the group's investment income.

MINORCO has an interest of just over 43 per cent in Trend International Limited, an oil and gas company operating principally in Indonesia and North America. MINORCO holds 49.9 per cent of Zambia Copper Investments Limited (ZCI), which in turn has an interest of just under 40 per cent in Nchanga Consolidated Copper Mines Limited and 9.8 per cent in Roan Consolidated Mines Limited. MINORCO also holds 50 per cent of the equity capital of Inspiration Consolidated Copper Company.

In terms of the restructuring of Charter, MINORCO received in December 1979 50 per cent of the share capital of AMCAN and a 10 per cent interest in ANAMINT. MINORCO and ZCI were also relieved of their obligations to the BRST/BCL project, and ZCI was lent the funds to repay the balance of its loan from MINORCO. In consideration for these assets, 26.2 million new MINORCO shares were issued to Charter shareholders and a payment was made of a net sum of US$19.5 million. MINORCO expects these investments, coupled with further growth by EMC, significantly to increase its profits during the coming year. The directors of MINORCO have stated that, in the absence of unforeseen circumstances, they intend to recommend a final dividend for the year to 30 June 1980 of 15 cents per share on the enlarged share capital.

**The Rio Tinto-Zinc Corporation Limited** (4.3%)

The Rio Tinto-Zinc Corporation (RTZ) and its subsidiaries comprise a group of companies with interests in almost every major metal and fuel. Profit after tax for the year to 31 December 1979 was £149.8 million, compared with £102.3 million in 1978. Earnings per share rose from 40.6p to 59.4p in 1979. This increase of 46 per cent in attributable net profits was mainly the result of higher metal prices and was achieved in spite of the reduction in the sterling value of overseas profits caused by the relative strength of the pound sterling. During 1979 Conzinc Riotinto of Australia Limited (CRA) had a one-for-fifteen rights issue. This, together with other issues by CRA in connection with acquisitions, had the effect of reducing RTZ's beneficial interest in this company to 65.5 per cent. Notwithstanding this reduction, the contribution to RTZ's net attributable profit from CRA in 1979 was about 40 per cent higher than in 1978, largely as a result of higher metal prices and a greater volume of sales.

RTZ has a beneficial interest of 51.3 per cent in Rio Algom Limited, a Canadian company with investments in copper/molybdenum, uranium mining, and in stainless and specialty steels. Results in 1979 were adversely affected by the decision of the Tennessee Valley Authority not to take contracted deliveries of uranium oxide and by industrial action at one of its steel mills. However, this was more than offset by higher profits from Lornex Mining Corporation Ltd which is 68.1 per cent owned by Rio Algom.

RTZ Borax, a wholly owned group of companies, reported net profits similar to those of 1978 from its borax and chemicals operations, although its contribution to RTZ's net profits was reduced from 36.9 per cent to 26.3 per cent. R.T.Z. Oil and Gas Limited earned a significantly higher profit from its 25 per cent interest in the Argyll field in the North Sea, as a result of higher oil prices and increased production from two further wells brought on stream in 1979.

### Selection Trust Limited (25.7%)

Selection Trust is a British based mining finance group with interests in the production and use of minerals and a significant investment portfolio. Profit for the year to 31 December 1979, after taxation and minority interests, was £13.7 million, compared with £11.4 million in 1978, and earnings per share rose from 35.8p to 43.0p over the year. Pre-tax profits were 33 per cent higher than in 1978, but a higher effective tax rate reduced the increase in net profits to 20 per cent. In August 1979 the group's Australian interests were integrated into Seltrust Holdings Limited, a new public subsidiary in which the parent holds a 78.8 per cent interest. The Agnew nickel mine in Western Australia began commercial operations in July, and production of nickel matte will be increased from its present level of 10,000 tonnes per annum to 15,000 tonnes per annum over the next five years. Selection Trust has a beneficial interest of 3.9 per cent in the Mt Newman iron ore venture which, partly due to lower output and sales, made a reduced contribution to operating profits of £2.2 million in 1979, compared with £3.6 million in 1978.

The group is expanding its interests in the United States through wholly owned Amselco Holdings Limited, which has a 50 per cent interest in the Alligator Ridge gold prospect in Nevada where development is in progress. In the United Kingdom the coal and civil engineering operations of the Alexander Shand group raised their contribution to operating profit from £5.3 million to £6.5 million, although the Kleeman Industrial Holdings group, which was recently acquired, had a disappointing year with profits halved at £0.7 million on unchanged turnover. Income from the K/13 gas field in the North Sea, through Selection Trust's participation in the Noordwinning group, rose from £2.7 million to £4.6 million.

Dividends and associated company income rose from £5.6 million in 1978 to £8.0 million. The group has an important interest in Amax which had another record year with net earnings more than doubled to US$365 million.

### Tara Exploration and Development Company Limited (14.1%)

The company's 75 per cent owned subsidiary Tara Mines Limited owns and operates the largest zinc/lead mine in Europe at Navan in the Irish Republic. In 1979 1.6 million tonnes of ore were milled, producing 294,000 tonnes of zinc concentrates and 55,000 tonnes of lead concentrates. Tara Exploration made a profit after tax and extraordinary items of US$9.1 million in 1979, compared with a loss in 1978 of US$10.7 million. In October 1979 a prepayment of US$12 million was made on the main bank financing. The first instalment of principal repayment falls due in July 1980.

# Report of the directors

The directors have pleasure in submitting their fifteenth annual report, with the audited accounts, for the year ended 31 March 1980. The group's operations during the year have been dealt with in the review of interests and operations on pages 9 to 15.

### Financial results

The following are the major features of the consolidated profit and loss account:

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Consolidated profit before taxation | 52,349 | 44,547 |
| *Deduct:* | | |
| Taxation | 20,752 | 17,965 |
| Interest of outside shareholders | 3,659 | 3,591 |
| | 24,411 | 21,556 |
| Earnings attributable | 27,938 | 22,991 |
| Dividends: | | |
| Interim of 3p per share paid on 3 January 1980 | 3,146 | 3,172 |
| Special of 0.35p per share paid on 3 January 1980 | 367 | — |
| Recommended final of 5p per share payable on or about 9 August 1980 | 5,247 | 5,871 |
| | 8,760 | 9,043 |
| Profit for the year retained | 19,178 | 13,948 |
| Extraordinary items | 54,551 | (5,682) |
| Transfer to reserves | 73,729 | 8,266 |

Earnings per share, after taxation and prior to extraordinary items, were 26.63p, compared with 21.93p in the year to 31 March 1979. As foreshadowed in the scheme of arrangement document of 22 October 1979, the board has recommended a final dividend of 5p per share, to make a total dividend for the year of 8.35p per share, carrying a tax credit of 3.57857p per share.

### Directorate

A list of the directors of the company appears on page 3.

Mr H. R. Fraser resigned from the board on 4 July 1979. Mr R. H. Dent retired at the company's annual general meeting on 10 August 1979 and Mr G. A. Higham was appointed a director in his place. Mr L. G. Stopford Sackville, Mr W. D. Wilson, and Mr G. A. Carey-Smith resigned from the board on 10 August 1979, 10 October 1979, and 12 October 1979 respectively. Dr A. Spinks, CBE, FRS, was appointed a director on 16 October 1979. Mr H. J. Stucke resigned as a director on 17 June 1980.

Mr J. N. Clarke was appointed managing director on 16 October 1979 in place of Mr M. B. Hofmeyr who continued as chairman until 1 April 1980 and remains a director. On 1 April 1980 Dr A. Spinks was appointed non-executive chairman of the board and Mr J. N. Clarke its chief executive.

In accordance with the company's articles of association Dr A. Spinks holds office only until the forthcoming annual general meeting but offers himself for reappointment. Mr M. B. Hofmeyr, Mr G. W. H. Relly, and Mr P. C. D. Burnell retire by rotation and offer themselves for reappointment.

The directors' fees have remained unchanged at £2,000 per annum since 1965. To alleviate the fall in real value and permit greater flexibility in future, shareholders will be asked at the forthcoming annual general meeting to amend the company's articles of association to increase the remuneration to £4,000 per annum and give the board discretion to make further increases up to a maximum of £6,000 per annum.

### Restructuring of the group

On 14 November 1979 shareholders and loan stock holders approved proposals for the restructuring of the group, including a scheme of arrangement under section 206 of the Companies Act 1948. These proposals have been implemented:

(a) by the disposal to Anglo American Corporation of South Africa Limited (AAC) or De Beers Consolidated Mines Limited (De Beers) of the Charter group's investments in AAC, Rustenburg Platinum Holdings Limited, Anglo American Corporation do Brasil Limitada, and Australian Anglo American Limited, together with a portfolio of investments representing the majority of its other investments in southern Africa other than Zimbabwe;

(b) by the acquisition of the interests of AAC and De Beers in Johnson, Matthey & Co. Limited, Tara Exploration and Development Company Limited, and Société Minière d'Anglade; and

(c) by the disposal to Minerals and Resources Corporation Limited (MINORCO) of the whole of the Charter group's investment in Anglo American Investment Trust Limited and part of its interest in Anglo American Corporation of Canada Limited (AMCAN), together with a cash payment to MINORCO, the consideration being the issue by MINORCO of new ordinary shares to Charter shareholders in the ratio of one new MINORCO share for every four Charter fully paid shares held.

The transactions under (c) above were effected by a scheme of arrangement dated 22 October 1979, which was approved by the High Court of Justice on 3 December 1979 and became effective on 4 December 1979. The scheme involved a reduction in the share capital of the company, and details of this and other changes in Charter's share capital and reserves during the year are given below and in notes 15 to 18 on the accounts on pages 33 and 34. The surplus on disposal of investments after deduction of scheme expenses and taxation totalled £54 million and is dealt with in the accounts as an extraordinary item (see note 8 on page 29); the proceeds from the disposal and acquisition of investments amounted to £31 million (see note 20(i) on page 35).

As part of the restructuring, Charter and AAC acquired on 16 October 1979, for a nominal consideration, the 50 per cent interest of Imperial Chemical Industries Limited in Cleveland Potash Limited (Cleveland), and Charter and AAC are now equal partners in the project. Following approval of the restructuring proposals on 14 November 1979, AAC will provide any further funds required by the Cleveland mine, and in the event of closure or suspension of operations Charter's funding obligations will be limited to a maximum of £4.5 million. The new funds provided by AAC will have first call on Cleveland's cash flow. Accordingly Charter ceased to account for its share of Cleveland's losses after the nine months to 30 September 1979.

Following the reduction in the company's percentage interest, AMCAN and MINORCO ceased to be associated companies of Charter, and its share of their retained profits less losses has been accounted for only for the nine months to 30 September 1979. As a result of the company's new interest in Johnson, Matthey & Co. Limited, that company became an associated company and Charter has accordingly accounted for its share of the profits from 1 October 1979.

The principal interests of the company after the restructuring are shown on pages 36 and 37.

### Share capital and reserves

In September 1979 the company issued 268 fully paid shares of 25p each against conversion of £1,113 five per cent convertible unsecured loan stock 1984. Between 1 April 1979 and 13 November 1979, the record date for the scheme of arrangement, 6,900 partly paid shares issued under the company's share incentive scheme became fully paid. At that date the authorized share capital of the company was £30,000,000 in 120,000,000 shares of 25p each and there were in issue 104,854,470 fully paid shares and 270,100 partly paid shares (1p paid up), a total of 105,124,570 shares.

On 4 December 1979, the effective date of the scheme, special resolutions approved by shareholders at the extraordinary general meeting of the company on 14 November 1979 reduced the nominal value of the 105,124,570 shares in issue to 2p each by cancellation of 23p of the capital paid up on each fully paid share and 23p of the uncalled capital on each partly paid share, the sum of £24,116,528.10 arising being carried to a separate reduction reserve. Thereupon every two of the unissued shares of 25p each were consolidated into one share of 50p and every such share of 50p was subdivided into 25 shares of 2p each, and the authorized share capital was increased to £45,500,000 in 2,275,000,000 shares of 2p each. After transferring £10,000 from share premium account to a separate reserve called the incentive reserve, the aggregate of the reduction reserve of £24,116,528.10 referred to above and the amount of £18,701,759.38 standing to the credit of share premium account was applied in paying up in full at par 2,140,914,374 shares of 2p each designated as 'A' shares. These were allotted to the holders of fully paid shares pro rata to their existing shareholdings and were thereafter renounced in favour of MINORCO in exchange for the new MINORCO shares issued to Charter shareholders.

On 5 December 1979 the capital of the company was further reduced by the cancellation of the 'A' shares, and the assets they represented were transferred to MINORCO. Thereafter the authorized share capital was (and remains) £2,681,712.52 in 134,085,626 shares of 2p each, and the issued share capital was £2,099,790.40 in 104,854,470 fully paid shares of 2p each and 270,100 partly paid shares of 2p each (1p paid up). Also on 5 December 1979, as provided in the scheme, the company's five per cent convertible unsecured loan stock 1984 was repaid at par with accrued interest to that date.

In terms of the scheme, £2,378.96 of the sum standing to the credit of the incentive reserve was applied by way of capitalization to the allotment on 13 December 1979 of 118,948 fully paid shares of 2p each in the ratio (determined by the market prices of the Charter and MINORCO shares after the scheme became effective) of 1.762282 new shares for every four partly paid shares held. These shares are subject to the same restrictions as the partly paid shares to which they relate until such time as those partly paid shares become fully paid. The balance of the incentive reserve of £7,621.04 reverted to share premium account.

Between 13 December 1979 and 31 March 1980 52,650 partly paid shares became fully paid and in consequence 23,184 fully paid shares subject to restricted rights became free of restriction. The issued share capital at 31 March 1980 is shown in note 15 on the accounts on page 33. Since the end of the year a further 7,750 partly paid shares have become fully paid and 3,413 fully paid shares subject to restricted rights have become free of restriction. The issued share capital accordingly stands at £2,102,773.36 in 104,941,467 fully paid shares of 2p each, 209,700 partly paid shares of 2p each (1p paid up), and 92,351 fully paid shares of 2p each subject to restricted rights.

Movements on reserves are shown in the consolidated profit and loss account on page 22.

At the forthcoming annual general meeting shareholders will be asked to approve an increase in the authorized share capital to round it up from £2,681,712.52 to £2,700,000 divided into 135,000,000 shares of 2p each. This will bring the number of unissued shares to 29,756,482 which represents 22.0 per cent of the enlarged share capital. No issue of shares will be made which would effectively alter the control of the company without prior approval of the company in general meeting.

**General information**

The book value of the group's fixed assets decreased from £74,905,000 to £68,336,000 during the year. Details are shown in note 10 on the accounts on page 30. The directors are of the opinion that the market values of the group's land and buildings at 31 March 1980 were in excess of the net book amounts shown in the consolidated balance sheet, but as the assets are required for the group's operations no professional valuations have been carried out during the year.

An analysis of assets and income appears on page 38, and a list of major subsidiary companies on pages 40 and 41. Other particulars which constitute part of this report are on page 42.

by order of the board
D. S. BOOTH
*secretary*

40 Holborn Viaduct
London EC1P 1AJ

24 June 1980

# Accounts

Charter Consolidated Limited and its subsidiary companies

## Report of the auditors to the members

We report on the accounts set out on pages 20 to 37 and 40 and 41 which have been prepared on the basis of the accounting policies set out on pages 20 and 21.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1980 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

COOPERS & LYBRAND
DELOITTE HASKINS & SELLS

Chartered Accountants

London, 7 July 1980

# Accounting policies

**1. Basis of consolidation**

(i) The accounts are prepared on the historical cost basis of accounting except for certain assets included at revaluation.

(ii) In order to facilitate administration, the financial years of Cape Industries Limited and its subsidiaries and those of the other group industrial subsidiaries terminate on 31 December. Details of these subsidiaries are shown on pages 40 and 41.

(iii) The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from their effective dates of acquisition or disposal. The premium or discount between the purchase considerations and net assets is dealt with through reserves, while differences between sale considerations and book values of net assets at the dates of disposal are shown as an extraordinary item.

**2. Foreign currencies**

(i) Profit and loss items, assets, and liabilities are translated into sterling at the rates of exchange ruling at the dates of the respective balance sheets.

(ii) Differences arising from the translation into sterling of foreign currency loans financing foreign portfolio investments are included with the sterling profits less losses arising on the realization of those investments. In accordance with policy 4, these differences and the profits less losses arising from the realizations of foreign portfolio investments are included in the profit and loss account as surplus on realizations of investments.

(iii) Differences arising from the translation into sterling of all other foreign currency items are shown as an extraordinary item in the profit and loss account.

**3. Income received**

Income from investments, including where applicable the imputed tax credit, is accounted for on a received basis.

**4. Investments**

(i) Investments have been classified into portfolio and long term holdings. Investments are deemed to be long term when they are considered to be of strategic importance to the group and are not held with the intention of resale. If, due to changed circumstances, long term investments cease to be of strategic importance they are reclassified as portfolio investments.

(ii) Profits less losses arising on disposal of portfolio investments are included in the profit and loss account as surplus on realizations of investments. Any profits and losses arising from the disposal of long cerm investments are dealt with as an extraordinary item in the profit and loss account.

(iii) Investments are included at cost unless the aggregate of market value and directors' valuation is less than book value or when, in the opinion of the directors, a permanent loss in value has arisen on any investment. The loss in value of long term investments is charged as an extraordinary item in the profit and loss account.

**5. Turnover**

Turnover is the invoiced value of sales and services of industrial subsidiaries and excludes both transactions between group companies and sales turnover taxes.

**6. Capital expenditure grants**

Grants in respect of capital expenditure are credited to profit and loss account over the estimated average life of the relevant fixed assets. Grants shown in the consolidated balance sheet represent total grants to date less the amount credited to profit and loss account.

**7. Depreciation**

Fixed assets are written off evenly over their expected useful lives, with the exception that no depreciation has been provided on freehold land.

The following rates are normally applied:
Freehold buildings – 2 per cent per annum
Leasehold property – the period of the lease or 2 per cent per annum for leases in excess of 50 years
Plant, furniture, and fittings – 10 to 25 per cent per annum.

Depreciation on assets qualifying for capital expenditure grants is calculated on their full cost (see policy 6).

### 8. Technical development expenditure

Group expenditure on research and development, patents, and trade marks is written off when incurred.

### 9. Deferred taxation

Provision is made for deferred taxation at the rate of corporation tax ruling at the year end, except in respect of any tax reduction which is reasonably expected to continue for the foreseeable future. Debit balances are carried forward in the balance sheet where there is a reasonable certainty of recovery in the near future.

Advance corporation tax on dividends payable after the balance sheet date is included with deferred taxation.

### 10. Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realizable value. Contract work in progress is valued at cost less foreseeable losses and progress payments received and receivable. Cost includes expenditure which is incurred in the normal course of business in bringing the product or service to its present location and condition. Net realizable value is the estimated selling price less all costs to be incurred.

### 11. Prospecting, exploration, and development expenditure

Group expenditure on prospecting and on exploration and development is dealt with as follows:

(i) Expenditure to develop existing mining areas:
This expenditure, being part of the general development of the mine, is written off to mine operating costs in the year incurred, and is reflected in operating profit in the profit and loss account.

(ii) Expenditure on general prospecting:
Expenditure during the initial stages of exploration is written off in full in the profit and loss account of the year. Further expenditure on prospects showing potential of being developed into a mine is carried forward as an asset in the consolidated balance sheet under the heading of exploration and development expenditure, while an evaluation is carried out to establish its commercial viability. In the event that any prospect is abandoned after such evaluation, the total expenditure is charged as an extraordinary item in the profit and loss account.

(iii) Expenditure on development of new mines:
When it is decided to develop a prospect into a mine, any exploration and development expenditure relating thereto is capitalized as an investment or fixed asset. All further expenditure on development of the mine is capitalized. If any project has to be abandoned in the development stage, the total expenditure is charged as an extraordinary item in the profit and loss account.

### 12. Associated companies

The group accounts for profits less losses of associated companies, as defined under statement of standard accounting practice no. 1, as follows:

(i) Dividends from associated companies are accounted for on a received basis, and this income is included in income from investments in the profit and loss account.

(ii) In addition, the group share of retained profits less losses for the year is accounted for separately in the profit and loss account. The accounts used to calculate the group share of retained profits less losses of associated companies are normally the latest audited accounts available to the group.

(iii) The group share of retained profits less losses of associated companies since 1 April 1971, or the date when they were first treated as associated companies, is included in the book values of the investments in the consolidated balance sheet. It is not practicable to ascertain the group share of retained profits prior to these dates.

Mine development costs of companies in the course of developing mines, including costs charged to revenue by those companies, are not accounted for in the profit and loss account in accordance with policy 11 (iii).

# Consolidated profit and loss account

Year ended 31 March 1980

Charter Consolidated Limited and its subsidiary companies

| | 1980 £000 | 1979 £000 |
|---|---|---|
| **Revenue** | | |
| Operating profit of industrial subsidiaries (note 1) | 19,790 | 20,887 |
| Income from investments (note 2) | 18,422 | 19,517 |
| Share of retained profits less losses of associated companies (note 4) | 13,463 | (56) |
| Surplus on realizations of investments | 5,758 | 11,990 |
| Interest receivable | 6,206 | 4,059 |
| | 63,639 | 56,397 |
| **Expenditure** | | |
| Administration and technical (note 1) | 3,601 | 3,771 |
| Prospecting | 699 | 1,079 |
| Interest payable (note 3) | 6,990 | 7,000 |
| | 11,290 | 11,850 |
| **Profit before taxation** | 52,349 | 44,547 |
| Taxation (note 6) | 20,752 | 17,965 |
| **Profit after taxation before extraordinary items** | 31,597 | 26,582 |
| *Deduct:* Interest of outside shareholders in profits of subsidiaries | 3,659 | 3,591 |
| **Profit attributable to Charter** | 27,938 | 22,991 |
| **Earnings per share** 26.63p (1979 – 21.93p) (note 7) | | |
| Dividends paid and proposed (note 9) | 8,760 | 9,043 |
| | 19,178 | 13,948 |
| *Add:* Extraordinary items (1979 – *deduct*) (note 8) | 54,551 | (5,682) |
| **Retained profit transferred to reserves** | 73,729 | 8,266 |

Profit for the year after extraordinary items totalled £82,489,000 (1979 – £17,309,000)

| | 1980 £000 | 1979 £000 |
|---|---|---|
| **Movements on reserves** | | |
| Reserves at 31 March 1979 | 159,810 | 150,467 |
| Retained profit for the year | 73,729 | 8,266 |
| Reduction in reserves as a result of the scheme of arrangement (note 18) | (10,528) | — |
| Elimination of associated company reserves on their ceasing to be associated companies | (12,035) | — |
| Premium (1979 discount) on purchase of shares of subsidiary companies | (334) | 94 |
| Surplus on revaluation of a subsidiary's freehold property | — | 983 |
| Reserves at 31 March 1980 (note 17) | 210,642 | 159,810 |

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.

# Consolidated balance sheet

31 March 1980

Charter Consolidated Limited and its subsidiary companies

| | 1980 | | 1979 | |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Fixed assets (note 10) | | 68,336 | | 74,905 |
| Exploration and development expenditure | | 113 | | 122 |
| Investments (note 11) | | 142,711 | | 158,306 |
| Market or directors' valuation £242,175,000 (1979 – £282,239,000) | | | | |
| **Current assets** | | | | |
| Stocks and work in progress (note 12) | 53,824 | | 51,804 | |
| Debtors | 69,514 | | 59,565 | |
| Short term loans and deposits | 67,324 | | 48,550 | |
| Bank and cash balances | 2,581 | | 1,890 | |
| | 193,243 | | 161,809 | |
| **Current liabilities** | | | | |
| Associated companies' and other deposit accounts | 11,726 | | 5,938 | |
| Bank loans and overdrafts (secured – £503,000; 1979 – £1,358,000) | 9,605 | | 24,301 | |
| Unsecured 6¼ per cent DM bonds (repaid 1 April 1980) | 19,002 | | — | |
| Creditors (note 13) | 71,325 | | 67,356 | |
| Taxation | 21,212 | | 5,863 | |
| Proposed final dividend | 5,247 | | 5,871 | |
| | 138,117 | | 109,329 | |
| **Net current assets** | | 55,126 | | 52,480 |
| Deferred taxation (note 6) | | 7,418 | | 10,880 |
| | | 273,704 | | 296,693 |
| Financed by: | | | | |
| Share capital (note 15) | | 2,103 | | 26,215 |
| Share premium account (note 16) | | 12,064 | | 30,695 |
| Reserves (note 17) | | 210,642 | | 159,810 |
| **Total capital and reserves** | | 224,809 | | 216,720 |
| Capital expenditure grants | | 2,825 | | 2,560 |
| Interest of outside shareholders in subsidiaries | | 22,944 | | 20,736 |
| Long term indebtedness (note 14) | | 23,126 | | 56,677 |
| | | 273,704 | | 296,693 |

J. N. CLARKE
B. W. PAIN } Directors

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.

# Balance sheet

31 March 1980

Charter Consolidated Limited

| | 1980 | | 1979 | |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Subsidiary companies** | | | | |
| Shares at cost or valuation | 93,779 | | 93,779 | |
| *Add:* | | | | |
| Amounts due from subsidiaries | 63 | | — | |
| | 93,842 | | 93,779 | |
| *Deduct:* | | | | |
| Amounts due to subsidiaries | 85,068 | 8,774 | 37,265 | 56,514 |
| **Current assets** | | | | |
| Bank balances | | 2 | | 2 |
| **Deferred asset** | | | | |
| Advance corporation tax (note 6) | | 2,249 | | 2,516 |
| | | 11,025 | | 59,032 |
| Financed by: | | | | |
| Share capital (note 15) | | 2,103 | | 26,215 |
| Share premium account (note 16) | | 82 | | 18,702 |
| Reserves (note 17) | | 2,420 | | 4,626 |
| **Total capital and reserves** | | 4,605 | | 49,543 |
| Long term indebtedness (note 14) | | — | | 2,337 |
| **Current liabilities** | | | | |
| Creditors | 88 | | 313 | |
| Taxation | 1,085 | | 968 | |
| Proposed final dividend | 5,247 | 6,420 | 5,871 | 7,152 |
| | | 11,025 | | 59,032 |

J. N. CLARKE
B. W. PAIN } Directors

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.

# Source and application of funds

Year ended 31 March 1980

Charter Consolidated Limited and its subsidiary companies

| | 1980 £000 | 1980 £000 | 1979 £000 | 1979 £000 |
|---|---|---|---|---|
| **SOURCE OF FUNDS** | | | | |
| Profit before taxation | | 52,349 | | 44,547 |
| Extraordinary items: | | | | |
| As a result of restructuring of the group and before taxation of £24,192,000 | | 78,421 | | — |
| Other items before interest of outside shareholders and adjusted for taxation relief of £9,450,000 (1979 – £16,162,000) | | (9,420) | | (22,241) |
| | | 121,350 | | 22,306 |
| *Adjustments for items not involving movements of funds* | | | | |
| Depreciation | 8,073 | | 7,248 | |
| Provisions against mining projects and investments | 5,756 | | 25,483 | |
| Effect of currency translation on loans, investments, and fixed assets | 481 | | 3,137 | |
| Share of retained profits less losses of associated companies | (8,678) | 5,632 | 1,295 | 37,163 |
| **Funds generated** | | 126,982 | | 59,469 |
| Disposal of fixed assets | 15,836 | | 506 | |
| Increase in government grants | 265 | 16,101 | 14 | 520 |
| | | 143,083 | | 59,989 |
| **APPLICATION OF FUNDS** | | | | |
| Purchase of fixed assets | 18,492 | | 18,650 | |
| Transfer of investments and cash as part of the scheme of arrangement (note 20 (i)) | 53,347 | | — | |
| Investments (note 20 (iv)) | 5,943 | | 381 | |
| Goodwill on acquisition of subsidiaries | 334 | | (94) | |
| Taxation paid | 8,375 | | 9,903 | |
| Decrease in long term indebtedness: | | | | |
| Unsecured 6½ per cent DM loan bonds (note 20 (iii)) | 8,822 | | — | |
| Other | 4,510 | | (287) | |
| Increase in working capital and other items (note 20 (v)) | 5,504 | | 6,621 | |
| Dividends paid | 9,384 | 114,711 | 8,704 | 43,878 |
| **Increase in liquid funds** | | 28,372 | | 16,111 |
| Increase in short term loans, deposits, and cash | 19,465 | | 25,378 | |
| Increase in associated companies' and other deposit accounts | (5,788) | | (1,441) | |
| Decrease in bank loans and overdrafts | 14,695 | 28,372 | (7,826) | 16,111 |

The accounting policies on pages 20 and 21 and the notes on pages 26 to 35 form part of these accounts.
Notes on the source and application of funds are in note 20 on page 35.

# Notes on the accounts

**1. Operating profit of industrial subsidiaries and administration and technical expenditure**

| | 1980 £000 | 1979 £000 |
|---|---|---|
| (i) Turnover of the industrial subsidiaries | 266,379 | 238,446 |
| (ii) Expenses charged: | | |
| Auditors' remuneration | 474 | 418 |
| Directors' emoluments (see note 5) | 328 | 205 |
| Depreciation of fixed assets (see note 10) | 8,073 | 7,248 |
| Hire of plant and equipment | 1,250 | 1,043 |
| Charge in respect of depreciation of assets held under finance leases | 231 | 125 |
| Credits: | | |
| Capital expenditure grants | 618 | 325 |
| Rents receivable | 422 | 376 |
| (iii) Administration and technical expenditure: | | |
| Expenditure | 11,518 | 10,787 |
| *Deduct:* Recovered from companies outside the group | 7,917 | 7,016 |
| | 3,601 | 3,771 |

**2. Income from investments**

| | 1980 £000 | 1979 £000 |
|---|---|---|
| (i) Associated companies | 3,840 | 3,778 |
| Other investments | 14,582 | 15,739 |
| | 18,422 | 19,517 |
| (ii) Arising from: | | |
| Listed investments | 15,710 | 16,444 |
| Unlisted investments | 2,712 | 3,073 |
| | 18,422 | 19,517 |
| (iii) Includes franked investment income | 6,202 | 4,758 |

NOTE
Income from investments does not include dividends paid by Anglo American Corporation Zimbabwe Rhodesia Limited which are held in Zimbabwe awaiting approval for remittance abroad. At current rates of exchange the dividend paid in the year ended 31 March 1980 was equal to £330,000 (1979–£335,000), and the total of such dividends held in Zimbabwe at 31 March 1980 was £1,220,000 (1979 – £904,000).

**3. Interest payable on borrowings by the group**

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Loans repayable after more than five years | 1,055 | 3,091 |
| Loans repayable within five years | 1,576 | 44 |
| Amounts deposited with the group | 943 | 425 |
| Bank loans and overdrafts | 3,416 | 3,440 |
| | 6,990 | 7,000 |

## 4. Associated companies

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Principal associated companies are listed on pages 36 and 37. | | |
| Group share of retained profits less losses of associated companies: | | |
| Share of profits less losses before taxation | 17,718 | 2,673 |
| *Deduct:* Dividends declared from these profits | 4,255 | 2,729 |
| Group share of retained profits less losses before taxation | 13,463 | (56) |
| Taxation | (8,627) | (3,666) |
| | 4,836 | (3,722) |
| Extraordinary items (see note 8) | (1,717) | (1,239) |
| Group share of retained profits less losses for the year | 3,119 | (4,961) |
| Group share of retained profits less losses at 31 March 1979 | 10,091 | |
| | 13,210 | |
| Retained profits relating to investments which ceased to be associated companies: | | |
| On disposal of investments, dealt with in extraordinary items | (3,056) | |
| On dilution, dealt with directly through reserves | (12,035) | |
| Group share of losses less retained profits at 31 March 1980 (see notes 11 and 17) | (1,881) | |

NOTES

(i) Associated companies' deferred taxation has not been adjusted to reflect the group's accounting policy because of different taxation systems and accounting standards applicable to certain overseas associated companies.

(ii) Minerals and Resources Corporation Limited (MINORCO), which was an associated company of Charter to 30 September 1979, has for the first time in its accounting year to 30 June 1979 accounted for its own associated companies' profits. Charter's profit after taxation for the year to 31 March 1980 includes £2.7 million in respect of such profits to 30 September 1979.

## 5. Directors' emoluments

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Directors of the parent company: | | |
| Fees | 16 | 16 |
| Salaries and other remuneration, including pension contributions | 311 | 271 |
| Ex gratia payment to a former director | 10 | — |
| Pension contribution for a former director | 58 | — |
| Pension payable to widow of former director | 3 | 3 |
| | 398 | 290 |
| *Deduct:* Fees received from other companies and refunded to the group | 70 | 85 |
| | 328 | 205 |

| | 1980 | 1979 |
|---|---|---|
| Amounts paid to directors: | | |
| Chairman: Mr M. B. Hofmeyr | £40,000 | £34,000 |
| Others: £30,001–£35,000 | 4 | — |
| £25,001–£30,000 | — | 5 |
| £20,001–£25,000 | 1 | — |
| £15,001–£20,000 | 1 | — |
| £10,001–£15,000 | 1 | — |
| £5,001–£10,000 | — | 2 |
| up to £5,000 | 14 | 12 |

NOTE

13 directors have agreed to waive emoluments due to them from Charter Consolidated Limited and its subsidiary companies. Fees waived by these directors during the year amounted to £23,000 (1979: 13 directors – £26,000).

## 6. Taxation

(1) Charge in consolidated profit and loss account

| | 1980 | 1979 |
|---|---|---|
| GROUP COMPANIES on profit for the year | £000 | £000 |
| United Kingdom: | | |
| Corporation tax at 52 per cent | 12,501 | 16,146 |
| Deferred taxation | (1,312) | (2,980) |
| Double taxation relief | (5,[illegible]7) | (5,726) |
| Advance corporation tax written off by subsidiary | 1,1[illegible] | 1,095 |
| Taxation at 30 per cent (1979 – 33 per cent) on franked investment income | 1,861 | 1,570 |
| | 8,607 | 10,105 |
| Overseas: | | |
| Taxation | 4,118 | 4,038 |
| Deferred taxation | 77 | 918 |
| | 12,802 | 15,061 |
| Adjustments in respect of previous years | (677) | (762) |
| ASSOCIATED COMPANIES (see note 4) | 8,627 | 3,666 |
| | 20,752 | 17,965 |

NOTE
The taxation charge for the year excludes £6,318,000 (1979 – £5,400,000) not expected to be payable in the foreseeable future resulting from accelerated capital allowances, stock appreciation relief, and other timing differences.

(2) The provision made in the accounts for deferred taxation and the full potential liability are set out below:

| | 1980 | | 1979 | |
|---|---|---|---|---|
| | PROVISION MADE | FULL POTENTIAL LIABILITY | PROVISION MADE | FULL POTENTIAL LIABILITY |
| | £000 | £000 | £000 | £000 |
| Excess of the book value of assets qualifying for taxation allowances over their written down value for taxation purposes | 141 | 14,564 | 3,712 | 14,059 |
| Taxation on capital gains on property revaluation | 22 | 2,150 | 32 | 2,184 |
| Taxation on capital gains on assets sold and rolled over against the acquisition of new assets | — | 1,125 | — | 1,183 |
| Taxation relief relating to provision for compensation for industrial disease | — | (910) | — | (1,196) |
| Stock appreciation relief relating to certain industrial subsidiaries | 192 | 9,801 | 111 | 10,561 |
| Taxation relief on prospecting expenditure not yet claimed | (44) | (152) | (237) | (497) |
| Difference between book and taxation value of investments | (4,341) | (18,844) | (11,982) | (14,001) |
| Advance corporation tax (see note (iii) below) | (3,388) | (7,095) | (2,516) | (5,213) |
| | (7,418) | 639 | (10,880) | 7,080 |

NOTES
(i) Potential deferred taxation (see note 8(i)) includes relief based on £15,290,000, being the balance of the provision against the investment in Cleveland Potash Limited not yet claimed for taxation purposes. No account has been taken in potential or deferred taxation for relief on other provisions of £5,931,000 (see note 13(iii)).

(ii) The amount of £4,341,000 included in respect of the difference between book and taxation values of investments relates mainly to the profits arising on certain inter-group transactions, eliminated on consolidation, which is deferred until such time as the profits are realized outside the group.

(iii) Advance corporation tax recoverable includes £2,249,000 (1979 – £2,516,000) shown as a deferred asset in the parent company's balance sheet.

(iv) The potential liability for stock appreciation relief has been reduced by £2,930,000 (1979 – nil) written off in accordance with the provisions of the Finance (No. 2) Act 1979.

## 7. Earnings per share

Earnings per share attributable to Charter is calculated on earnings of £27,938,000 (1979 – £22,991,000) and on 104,930,304 shares (1979 – 104,847,302 shares) as if the additional 268 shares issued in September 1979 against conversion of loan stock had been issued for the whole financial year; as if the 59,550 partly paid shares which became fully paid during the financial year had been fully paid for the whole year; and as if the 23,184 shares subject to restricted rights which ceased to be restricted during the financial year had been issued and free of restriction for the whole year.

## 8. Extraordinary items

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Surplus on disposal of investments less scheme expenses following the restructuring of the Charter group, net of taxation of £24,192,000 | 54,229 | — |
| Cleveland Potash Limited (see note (i) below) | 1,579 | (20,189) |
| Société Minière de Tenke-Fungurume (SMTF) – taxation relief on amounts written off in prior years | — | 12,581 |
| Profit on disposal of long term investments net of taxation of £1,265,000 | 1,453 | 5,984 |
| Net effect of translation of currencies | (764) | (3,272) |
| Industrial disease provision | — | (445) |
| Discount on purchase of $6\frac{1}{2}$ per cent unsecured DM bonds and $7\frac{1}{4}$ per cent guaranteed FF bonds | 251 | 442 |
| Botswana RST Limited/BCL Limited investment provision | (539) | (137) |
| Losses and provisions relating to closure of operations (1979 net recovery) | (294) | 47 |
| Surplus on disposal of Cape Industries Limited's mining division | 11 | — |
| Sundry | 50 | 149 |
| Associated companies (see note (ii) below) | (1,717) | (1,239) |
| | 54,259 | (6,079) |
| Minority interest | 292 | 397 |
| | 54,551 | (5,682) |

NOTES:

(i) Cleveland Potash Limited:

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Further provision against the cost of the investment (1979 provision against investment and guarantee liabilities) | (5,265) | (31,551) |
| Charter's maximum liability for mine closure costs | (4,500) | — |
| | (9,765) | (31,551) |
| *Deduct:* Taxation relief (1979 deferred) | 6,788 | 5,561 |
| | (2,977) | (25,990) |
| *Deduct:* Share of Cleveland Potash Limited's loss included in group share of associated companies' results | 4,556 | 5,801 |
| | 1,579 | (20,189) |

Taxation relief on the provisions against the investment in Cleveland is based on £27,595,000. See note 6(2) (i) for reference to potential taxation relief on the balance of the Cleveland provision.

(ii) Associated companies' extraordinary items comprise the following:

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Effect of currency realignment: | | |
| On the group share of retained opening reserves | (803) | (918) |
| In associated companies' own accounts | (1,109) | (378) |
| | (1,912) | (1,296) |
| Sundry | 195 | 57 |
| | (1,717) | (1,239) |

## 9. Dividends paid and proposed

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Interim dividend of 3p per share (1979 – 3.025p) paid on 3 January 1980 | 3,146 | 3,172 |
| Special dividend of 0.35p per share paid on 3 January 1980 | 367 | — |
| Proposed final dividend of 5p per share (1979 – 5.6p per share) payable on or about 9 August 1980 | 5,247 | 5,871 |
| | 8,760 | 9,043 |

NOTE:
As a result of the restructuring of the group referred to on pages 16 and 17 of the report of the directors, the Charter shareholders received one new MINORCO share for every four Charter shares held. These new shares rank for the MINORCO final dividend, forecast at the time of the restructuring to be 15 US cents per share, for the year to 30 June 1980 payable in November 1980. Based on the US dollar exchange rate at 31 March 1980 this dividend would be the equivalent of 1.73p (before taxation) for each Charter share.

## 10. Fixed assets

| | FREEHOLD PROPERTY £000 | LONG LEASEHOLD PROPERTY £000 | SHORT LEASEHOLD PROPERTY £000 | PLANT FURNITURE AND FITTINGS £000 | MINING RIGHTS £000 | TOTAL £000 |
|---|---|---|---|---|---|---|
| **COST OR VALUATION** | | | | | | |
| At 31 March 1979 | 38,625 | 3,269 | 2,136 | 69,464 | 2,969 | 116,463 |
| Currency realignment | (503) | — | (25) | (1,257) | (107) | (1,892) |
| Additions at cost | 1,854 | 79 | 177 | 16,382 | — | 18,492 |
| Disposal of subsidiaries | (7,131) | — | (322) | (18,136) | (2,862) | (28,451) |
| Disposals | (184) | (235) | (33) | (2,802) | — | (3,254) |
| Reallocations | 20 | (1) | (19) | — | — | — |
| At 31 March 1980 | 32,681 | 3,112 | 1,914 | 63,651 | — | 101,358 |
| **DEPRECIATION** | | | | | | |
| At 31 March 1979 | 5,486 | 396 | 657 | 34,764 | 255 | 41,558 |
| Currency realignment | (122) | — | (9) | (602) | (7) | (740) |
| Charge to profit and loss account | 1,063 | 61 | 75 | 6,859 | 15 | 8,073 |
| Disposal of subsidiaries | (3,015) | — | (284) | (10,313) | (263) | (13,875) |
| Disposals | (4) | (23) | (25) | (1,942) | — | (1,994) |
| Reallocations | 5 | 4 | (9) | — | — | — |
| At 31 March 1980 | 3,413 | 438 | 405 | 28,766 | — | 33,022 |
| **NET BOOK AMOUNTS** | | | | | | |
| At 31 March 1980 | 29,268 | 2,674 | 1,509 | 34,885 | — | 68,336 |
| At 31 March 1979 | 33,139 | 2,873 | 1,479 | 34,700 | 2,714 | 74,905 |

NOTES

(i) Fixed assets are included on the following bases:

| | FREEHOLD PROPERTY £000 | LONG LEASEHOLD PROPERTY £000 | SHORT LEASEHOLD PROPERTY £000 | PLANT FURNITURE AND FITTINGS £000 | MINING RIGHTS £000 | TOTAL £000 |
|---|---|---|---|---|---|---|
| At cost | 16,114 | 1,887 | 1,194 | 63,644 | — | 82,839 |
| At valuation – 1972 | 119 | — | — | — | — | 119 |
| 1974 | 268 | 882 | — | — | — | 1,150 |
| 1975 | 13,907 | 310 | 720 | — | — | 14,937 |
| 1976 | 1,123 | 33 | — | 7 | — | 1,163 |
| 1978 | 1,150 | — | — | — | — | 1,150 |
| | 32,681 | 3,112 | 1,914 | 63,651 | — | 101,358 |

(ii) Freehold properties at valuation include an amount of £837,000 relating to land and factory premises acquired by the Belgian subsidiary and financed by secured loans (see note 14). The legal title to the factory premises does not vest in the company concerned until the final instalments on the loans have been paid.

(iii) Capital expenditure of subsidiaries:

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Committed | 2,995 | 2,845 |
| Authorized but not committed | 5,974 | 2,937 |
| | 8,969 | 5,782 |

## 11. Investments

| | At cost, less amounts written off 1980 £000 | At cost, less amounts written off 1979 £000 | At market value or directors' valuation 1980 £000 | At market value or directors' valuation 1979 £000 |
|---|---|---|---|---|
| **ASSOCIATED COMPANIES** | | | | |
| Listed in Great Britain | 31,740 | 23,483 | 39,580 | 31,649 |
| Listed outside Great Britain | 89 | 62 | 205 | 135 |
| | 31,829 | 23,545 | 39,785 | 31,784 |
| Unlisted | 17,051 | 21,679 | 27,773 | 28,360 |
| | 48,880 | 45,224 | 67,558 | 60,144 |
| Advances | — | 158 | — | 158 |
| | 48,880 | 45,382 | 67,558 | 60,302 |
| Group share of losses less retained profits (1979 profits) (see note 4) | (1,881) | 10,091 | | |
| | 46,999 | 55,473 | | |
| **OTHER INVESTMENTS** | | | | |
| Listed in Great Britain | 66,211 | 76,223 | 143,472 | 192,518 |
| Listed outside Great Britain | 18,825 | 17,598 | 18,343 | 17,140 |
| | 85,036 | 93,821 | 161,815 | 209,658 |
| Unlisted | 10,676 | 9,012 | 12,802 | 12,279 |
| | 95,712 | 102,833 | 174,617 | 221,937 |
| **TOTAL INVESTMENTS** | | | | |
| Listed in Great Britain | 103,497 | 108,619 | 183,052 | 224,167 |
| Listed outside Great Britain | 18,999 | 17,717 | 18,548 | 17,275 |
| | 122,496 | 126,336 | 201,600 | 241,442 |
| Unlisted, including advances | 20,215 | 31,970 | 40,575 | 40,797 |
| | 142,711 | 158,306 | 242,175 | 282,239 |

NOTES

(i) Commitments by the company and its subsidiaries in respect of subscriptions for shares and loan facilities amount to £271,000 (1979 – £5,723,000).

(ii) The greater part of the investments is of a long term nature but in the event of their realization at market or directors' valuation there would be a taxation liability of approximately £28 million. Taxation payable would depend on the availability of relief in respect of losses.

## 12. Stocks and work in progress

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Contract work in progress | 67,954 | 50,686 |
| *Deduct:* Progress payments received and receivable | 61,822 | 46,095 |
| | 6,132 | 4,591 |
| Raw materials and consumable stores | 18,127 | 21,493 |
| Work in progress | 5,839 | 5,652 |
| Finished goods | 23,726 | 20,068 |
| | 53,824 | 51,804 |

### 13. Creditors

Creditors include:

(i) an amount of £2,313,000 (1979 – £2,790,000) representing the balance of provisions established by Cape Industries Limited in earlier years for compensation payments for industrial disease. The assessment of the likely sum required remains very difficult to determine and it is not possible to state with certainty that the provision will be adequate. The directors have reviewed the position with Cape Industries Limited and believe, however, that the provision will be adequate to meet all claims for compensation so far lodged and that settlement of any future claims will not have a material effect on the group's financial position.

(ii) an amount of £8,721,000 (1979 – £6,643,000) in respect of payments received and receivable in advance for contract and work in progress of Cape Industries Limited.

(iii) an amount of £5,931,000 in respect of Cleveland Potash Limited's guarantees and Charter's maximum liability for closure costs.

### 14. Long term indebtedness

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Debenture stocks (secured) issued by | | |
| (i) Charter Consolidated Investments Limited | | |
| 4½ per cent first debenture stock 1978/83 | 500 | 500 |
| 4 per cent second debenture stock 1978/83 | 500 | 500 |
| (ii) Cape Industries Limited | | |
| 7¾ per cent debenture stock 1986/89 | 2,000 | 2,000 |
| 6¼ per cent debenture stock 1986/89 | 600 | 600 |
| Unsecured loan stocks issued by | | |
| (i) The company | | |
| 5 per cent convertible loan stock 1984 | — | 2,337 |
| (ii) Cape Industries Limited | | |
| 7¼ per cent loan stock 1986/91 | 3,459 | 3,459 |
| (iii) Swaziland Collieries Limited | | |
| 9½ per cent registered convertible notes 1972/81 | — | 14 |
| Bonds issued by Charter Consolidated Overseas N.V. | | |
| (i) 6½ per cent unsecured bonds of DM106,000,000 1968/83 | — | 27,824 |
| (ii) 7½ per cent guaranteed bonds of FF68,000,000 1987 (see note (ii) below) | 6,996 | 8,615 |
| Belgian (secured) 1980/86 | 211 | 286 |
| | 14,266 | 46,135 |
| Bank loans (secured) (see note (iii) below) | 1,730 | 180 |
| Bank loans (unsecured) 1980/89 (see note (iii) below) | 7,130 | 10,362 |
| | 23,126 | 56,677 |

NOTES

(i) Repayments are due as follows:

| | BANK LOANS £000 | OTHER BORROWINGS £000 | TOTAL £000 |
|---|---|---|---|
| Between one and two years | 816 | — | 816 |
| Between two and five years | 613 | 1,885 | 2,498 |
| Over five years | 7,431 | 12,381 | 19,812 |
| | 8,860 | 14,266 | 23,126 |

(ii) The FF68,000,000 7½ per cent guaranteed bonds 1987 are listed on The Stock Exchange in London. The company has guaranteed the bonds as regards repayment of principal, including premium if any, and payment of interest.

(iii) Bank loans are repayable in the following currencies:

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Sterling | 140 | 3,720 |
| Belgian francs | 4,918 | 3,940 |
| US dollars | 631 | 1,393 |
| Swedish kroner | 1,899 | 646 |
| French francs | 787 | 532 |
| Dutch guilders | 355 | 311 |
| Deutsche marks | 130 | — |
| | 8,860 | 10,542 |

## 15. Share capital

| | 31 March 1980 | | 31 March 1979 | |
|---|---|---|---|---|
| | Shares of 2p each | £ | Shares of 25p each | £ |
| Authorized: | 134,085,626 | 2,681,713 | 120,000,000 | 30,000,000 |
| Issued: | | | | |
| Fully paid shares | 104,930,304 | 2,098,606 | 104,847,302 | 26,211,825 |
| Fully paid shares with restricted rights (see note (ii) below) | 95,764 | 1,915 | — | — |
| Partly paid shares (1p paid up – see note (v) below) | 217,450 | 2,174 | 277,000 | 2,770 |
| Total of issued share capital | | 2,102,695 | | 26,214,595 |

NOTES

(i) As a result of the scheme of arrangement, the nominal value of the company's shares was reduced from 25p each to 2p each on 4 December 1979. The changes in the company's authorized and issued share capitals which took place following approval by the High Court of Justice are described in the report of the directors on page 17.

(ii) In terms of the scheme of arrangement, 118,948 fully paid shares of 2p each were allotted on 13 December 1979 to the holders of the company's partly paid shares. These are subject to the same restrictions as the partly paid shares to which they relate until such time as those partly paid shares become fully paid. As a result of partly paid shares becoming fully paid, 23,184 of the fully paid shares with restricted rights had become free of restriction by 31 March 1980.

(iii) In September 1979 268 fully paid shares of 25p each were issued against conversion of £1,113 of the company's five per cent convertible unsecured loan stock 1984. As provided in the scheme of arrangement, the balance of the loan stock was redeemed at par on 5 December 1979.

(iv) During the year 59,550 partly paid shares were fully paid up (see report of the directors).

(v) Under the share incentive scheme adopted in 1970 and the share option scheme designed to supersede it in 1973 the directors can at their discretion issue to senior employees up to a further 2,642,088 partly paid shares under the former scheme or options to subscribe for up to 2,873,500 shares.

## 16. Share premium account

| | GROUP £000 | COMPANY £000 |
|---|---|---|
| Balances at 31 March 1979 | 30,695 | 18,702 |
| Applied in capitalization of 118,948 fully paid shares of 2p each (see note 15 (ii)) | (2) | (2) |
| Applied towards paying up 2,140,914,374 'A' shares (see note 18 (ii)) | (18,702) | (18,702) |
| Reduction on disposal of subsidiary company | (11) | — |
| Premium on shares issued by the company | 84 | 84 |
| Balances at 31 March 1980 | 12,064 | 82 |

## 17. Reserves

| | 1980 £000 | 1979 £000 |
|---|---|---|
| Group reserves at 31 March are held as follows: | | |
| Parent company | 2,420 | 4,626 |
| Subsidiary companies | 210,103 | 145,093 |
| Associated companies (see note 4) | (1,881) | 10,091 |
| | 210,642 | 159,810 |

NOTES

(i) In the event of certain overseas subsidiaries and associated companies distributing reserves or profits, additional liability to United Kingdom and overseas taxation would arise.

(ii) The movement in reserves of the parent company of £2,206,000 is accounted for by retained profits, after payment of dividends, of £8,322,000 included in the consolidated profit and loss account, and a reduction in reserves of £10,528,000 as a result of the scheme of arrangement (see note 18).

## 18. Scheme of arrangement

Under the scheme of arrangement referred to in the report of the directors on pages 16 and 17 the following transactions were effected on the dates shown:

(i) *Transfer of investments and cash*

Investments and cash totalling £53,347,000 were vested by the company in Newco Holding Ltd (Newco) in exchange for Newco renounceable loan stock of the same amount.

(ii) *Issue of 'A' shares*

2,140,914,374 'A' shares of 2p each were issued on 4 December 1979 on renounceable allotment letters to the holders of Charter fully paid shares pro rata to their holdings. These shares were paid up in full from the following:

| | £000 |
|---|---|
| Reduction in the nominal value of 104,854,470 fully paid shares in issue on 4 December 1979 from 25p to 2p each | 24,117 |
| Appropriated from the share premium account of the company | 18,702 |
| | 42,819 |

(iii) *Renunciation of 'A' shares*

The 'A' shares were renounced on 4 December 1979 in favour of MINORCO. In consideration for the renounced shares MINORCO allotted one MINORCO ordinary share to Charter shareholders for every four Charter fully paid shares.

(iv) *Cancellation of 'A' shares and renunciation of Newco renounceable loan stock*

| | £000 |
|---|---|
| On the allotment of the MINORCO shares to the Charter shareholders the 'A' shares renounced in favour of MINORCO were cancelled on 5 December 1979. | 42,819 |
| Immediately after the cancellation of the 'A' shares the Newco renounceable loan stock was renounced in favour of MINORCO. | (53,347) |
| Reduction in reserves | (10,528) |

## 19. Contingent liabilities and outstanding commitments

| | 1980 £000 | 1979 £000 |
|---|---|---|
| For amounts not called on investments | 300 | 300 |
| In respect of guarantees of £9,929,000 less counter-guarantees £1,805,000 (company net – £12,969,000; 1979 – £20,415,000) | 8,124 | 9,498 |
| In respect of underwriting participations and options granted | 69 | 25 |
| Bills receivable discounted | 493 | 115 |
| Finance leases for acquisition of plant and machinery | 1,457 | 1,684 |
| Other items | 759 | 884 |
| | 11,202 | 12,506 |

NOTES

(i) Certain companies in the Cape Industries Limited group continue to be named, along with other asbestos fibre and asbestos product suppliers, as defendants in legal actions in the USA claiming damages as a result of the use of their products. Charter, in its capacity as the holding company of Cape Industries Limited, has also now been named as a defendant in one such action. Charter has been informed by a United States corporation named in similar actions that, in the event of such actions against it and certain related corporations being successful, any damages awarded against such corporations would be claimed by them from Charter. The Cape Industries Limited group has retained obligations in respect of claims made or which may be made within a limited period against companies disposed of under the sale of its mining division. The directors believe, in the light of legal advice received, that the outcome of these actions and the obligations retained are unlikely to have any material effect on the group's financial position, and accordingly no provision in respect of this has been made.

(ii) The net guarantee liability for 1980 includes £2,676,000 (1979 – £3,775,000) for Botswana RST Limited/BCL Limited.

## 20. Source and application of funds

| | 1980 £000 | 1979 £000 |
|---|---|---|
| (i) *Net cash proceeds received from the restructuring of the group* | | |
| Proceeds from realization of investments (including subsidiary company) less expenses | 125,896 | |
| *Deduct:* Transfer of investments and cash in exchange for MINORCO shares as part of the scheme of arrangement | 53,347 | |
| | 72,549 | |
| *Deduct:* Investments purchased | 30,872 | |
| Repayment of five per cent convertible loan stock | 2,337 | |
| Net cash proceeds before taxation | 39,340 | |

NOTE: Taxation of £8,069,000 is payable after 31 March 1980.

| | 1980 £000 | 1979 £000 |
|---|---|---|
| (ii) *Effect on net assets of the disposal of Cape Industries Limited South African mining division* | | |
| Fixed asset disposals | 14,391 | |
| Stocks | 5,257 | |
| Debtors | 6,514 | |
| Creditors (including taxation) | (3,715) | |
| Bank loans and overdrafts | (3,974) | |
| Deferred taxation | (3,463) | |
| | 15,010 | |
| (iii) *Unsecured 6¾ per cent DM loan bonds* | | |
| Balance at 31 March 1979 | 27,824 | |
| Repaid during year | 8,822 | |
| Repaid from net liquid funds on 1 April 1980 | 19,002 | |
| (iv) *Investments* | | |
| Long term – purchases | 15,357 | 8,868 |
| – book value of realizations | (1,027) | (7,127) |
| – net book value of realizations under scheme of arrangement | (13,150) | — |
| | 1,180 | 1,741 |
| Portfolio – net purchases at book value | 4,763 | (1,360) |
| | 5,943 | 381 |

Realizations less purchases of investments contributed £29,330,000 (1979 – £17,159,000) to the source of funds.

| | 1980 £000 | 1979 £000 |
|---|---|---|
| (v) *Analysis of working capital:* | | |
| Increase in stocks and work in progress | 2,020 | 4,725 |
| Increase in debtors | 9,949 | 10,425 |
| Increase in creditors | (7,233) | (9,150) |
| Other items | 768 | 621 |
| | 5,504 | 6,621 |
| (vi) *Net assets on acquisition of subsidiaries:* | | |
| Fixed assets | 29 | 809 |
| Investments | 16,773 | — |
| Goodwill | 334 | (94) |
| Stocks | — | 914 |
| Debtors | 96 | 733 |
| Creditors | (402) | (618) |
| Taxation | 259 | (152) |
| Government grants | — | (10) |
| Cash | 255 | 32 |
| Other items | 6 | (105) |
| | 17,350 | 1,509 |

# Principal interests

| Company | Country of incorporation | Group interest in equity capital (per cent) | Nature of business | Accounting date for inclusion of subsidiary and associated company results |
|---|---|---|---|---|
| **INDUSTRIAL** | | | | |
| Anderson Strathclyde Limited *(26.4 per cent of holding was purchased on 27 May 1980)* | Scotland | 28.4 | Engineering | |
| Cape Industries Limited | England | 67.3 | Insulation products: friction materials; automotive components; insulation contracting and fire protection | December |
| Heatrae-Sadia Holdings Limited | England | 100 | Domestic and industrial heating equipment; commercial catering equipment; commercial refrigeration | December |
| Johnson, Matthey & Co. Limited* | England | 28.1 | Metal refining and industrial | March |
| MKR Holdings Limited *(formerly M.K. Refrigeration Limited)* | England | 100 | Bar cooling and drink dispensing equipment; contract furniture | December |
| Pandrol International Limited *(formerly Elastic Rail Spike Company Limited)* | England | 100 | Railway track fastenings | December |
| Torque Tension Limited | England | 100 | Mine roof bolting systems and drilling equipment | December |
| **MINING** | | | | |
| Anmercosa Sales Limited | England | 75 | Marketing of metals | March |
| Beralt Tin and Wolfram Limited* | England | 50 | Wolfram mining in Portugal | December |
| Botswana RST Limited | Botswana | 4.5 | Nickel and copper mining | |
| Charter-CJB Mineral Services Limited* | England | 50 | Technical services | December |
| Cleveland Potash Limited* | England | 50 | Potash mining | September |
| Malaysia Mining Corporation Berhad* | Malaysia | 28.6 | Tin mining | January |
| Pernas Charter Management Sendirian Berhad* | Malaysia | 50 | Technical and administrative services | December |
| Société Minière d'Anglade | France | 40 | Wolfram mining | |
| Tara Exploration and Development Company Limited | Canada | 14.1 | Zinc and lead mining in the Republic of Ireland | |
| **OTHER INVESTMENTS** | | | | |
| Anglo American Corporation of Canada Limited | Canada | 10.7 | Mining finance | September |
| Anglo American Corporation Zimbabwe Rhodesia Limited | Zimbabwe | 33.5 | Mining finance and investment | |
| The Argus Printing and Publishing Company Limited | South Africa | 10 | Printing and publishing | |

| Company | Country of incorporation | Group interest in equity capital (per cent) | Nature of business | Accounting date for inclusion of subsidiary and associated company results |
|---|---|---|---|---|
| Covenant Industries Limited* | England | 33.9 | Marketing and manufacture of chemicals in Africa | September |
| Euranglo Limited* | South Africa | 25 | Investment | March |
| Haw Par Brothers International Limited | Singapore | 11.4 | General trading, insurance, shipping, and investment | |
| Minerals and Resources Corporation Limited | Bermuda | 14.7 | International mining finance and investment | September |
| The Rio Tinto-Zinc Corporation Limited | England | 4.3 | International mining and industrial | |
| Selection Trust Limited | England | 25.7 | International mining finance | |
| Tinnabruich Pty Limited | Australia | 37 | Investment | |

*associated companies at 31 March 1980

NOTES

1. Restructuring of the group (see report of the directors on pages 16 and 17):
   (a) Anglo American Corporation of Canada Limited and Minerals and Resources Corporation Limited ceased to be associated companies on 30 September 1979.
   (b) Johnson, Matthey & Co. Limited became an associated company from 1 October 1979.
   (c) Charter ceased to account for its share of Cleveland Potash Limited's losses after the nine months to 30 September 1979.
2. The group holds 50 per cent of the 10 per cent redeemable participating preference shares of Cleveland Potash Limited.
3. A full list of the company's major subsidiaries is on pages 40 and 41.
4. Except where indicated in the nature of business the principal country of operation is the same as the country of incorporation.

# Analysis of assets and income

## Geographical analysis of total assets and revenue

| | Assets 1980 £000 | Assets 1979 £000 | Per cent of assets 1980 | Per cent of assets 1979 | Per cent of revenue 1980 | Per cent of revenue 1979 |
|---|---|---|---|---|---|---|
| United Kingdom | 170,760 | 103.975 | 46.7 | 25.4 | 38.7 | 29.1 |
| Rest of Europe | 27,958 | 31,463 | 7.6 | 7.6 | 6.1 | 5.5 |
| North and South America | 69,789 | 89,699 | 19.1 | 21.9 | 19.6 | 12.7 |
| South Africa | 11,570 | 98,701 | 3.2 | 24.1 | 17.5 | 34.1 |
| Rest of Africa | 18,935 | 34,701 | 5.2 | 8.5 | 7.3 | 7.3 |
| South-east Asia | 21,648 | 19,956 | 5.9 | 4.9 | 7.6 | 9.1 |
| Australasia | 45,090 | 31,251 | 12.3 | 7.6 | 3.2 | 1.9 |
| | 365,750 | 409,746 | 100.0 | 100.0 | 100.0 | 100.0 |

## Analysis by category of investments and investment income

| | Investments 1980 £000 | Investments 1979 £000 | Per cent of investments 1980 | Per cent of investments 1979 | Per cent of investment income 1980 | Per cent of investment income 1979 |
|---|---|---|---|---|---|---|
| Mining – Finance | 132,759 | 169,362 | 54.8 | 60.0 | 44.1 | 51.4 |
| Diamonds | 8,055 | 44,507 | 3.3 | 15.7 | 25.4 | 22.4 |
| Gold | 1,765 | 5,467 | 0.7 | 1.9 | 3.0 | 3.7 |
| Tin and wolfram | 18,090 | 14,557 | 7.5 | 5.2 | 9.7 | 9.6 |
| Copper, potash, and other minerals | 7,316 | 14,903 | 3.0 | 5.3 | 4.0 | 3.1 |
| Industrial, commercial, etc. | 72,628 | 31,235 | 30.0 | 11.1 | 13.0 | 8.9 |
| Long term loans | 1.562 | 2,208 | 0.7 | 0.8 | 0.8 | 0.9 |
| | 242.175 | 282.239 | 100.0 | 100.0 | 100.0 | 100.0 |

## Analysis by product category of turnover and operating profit of industrial subsidiaries

| | Turnover 1980 £000 | Turnover 1979 £000 | Operating profit 1980 £000 | Operating profit 1979 £000 |
|---|---|---|---|---|
| Building and insulation products | 136,006 | 104,150 | 12,051 | 8,688 |
| Automotive and engineering products | 57,070 | 51,796 | 1,230 | 2,178 |
| Mining and sale of asbestos fibre | 11,134 | 25,615 | 1,533 | 4,180 |
| Heating, catering, and bar equipment | 37,234 | 32,386 | 2,878 | 3,107 |
| Railway track fastenings | 19,189 | 19,997 | 2,009 | 1,910 |
| Mining equipment | 5,373 | 4,313 | 375 | 433 |
| Coal mining | 941 | 1,813 | 123 | 391 |
| | 266,947 | 240,070 | 20,199 | 20,887 |
| *Deduct:* Sales between different classes of business | 568 | 1,624 | 409 | — |
| | 266,379 | 238,446 | 19,790 | 20,887 |

NOTES

1. Listed investments are included at market value at 31 March and unlisted investments at directors' valuation at 31 March.
2. The geographical analysis takes into consideration direct interests and where possible major indirect interest in the areas concerned and is therefore only approximate. Deferred taxation is excluded.
3. The analysis of investments does not include the industrial subsidiaries.

# Five year financial record

Charter Consolidated Limited and its subsidiary companies

| | 1980 £000 | 1979 £000 | 1978 £000 | 1977 £000 | 1976 £000 |
|---|---|---|---|---|---|
| **EARNINGS** (year to 31 March) | | | | | |
| Profit before taxation | | | | | |
| Charter and subsidiary companies | 38,886 | 44,603 | 36,394 | 32,362 | 32,774 |
| Associated companies | 13,463 | (56) | 6,693 | 6,369 | 3,663 |
| | 52,349 | 44,547 | 43,087 | 38,731 | 36,437 |
| Taxation | 20,752 | 17,965 | 14,387 | 16,134 | 14,666 |
| | 31,597 | 26,582 | 28,700 | 22,597 | 21,771 |
| Outside shareholders' interest | 3,659 | 3,591 | 3,265 | 3,320 | 2,382 |
| Earnings attributable to shareholders | 27,938 | 22,991 | 25,435 | 19,277 | 19,389 |
| Dividends paid | 8,760 | 9,043 | 8,703 | 7,865 | 7,081 |
| | 19,178 | 13,948 | 16,732 | 11,412 | 12,308 |
| **Earnings per share** | **26.63p** | **21.93p** | **24.26p** | **18.40p** | **18.50p** |
| Dividends per share (net of imputed tax credit) | 8.35p | 8.62p | 8.30p | 7.50p | 6.76p |
| **NET ASSETS** (at 31 March) including investments at market or directors' valuation | | | | | |
| Investments | | | | | |
| At book amount | 142,711 | 158,306 | 182,616 | 195,969 | 196,151 |
| Appreciation of investments | 99,464 | 123,933 | 80,242 | 56,823 | 59,455 |
| Market or directors' valuation | 242,175 | 282,239 | 262,858 | 252,792 | 255,606 |
| Fixed assets and exploration and development expenditure | 68,449 | 75,027 | 63,897 | 54,800 | 48,010 |
| Net current assets | 55,126 | 52,480 | 39,608 | 37,679 | 34,765 |
| | 365,750 | 409,746 | 366,363 | 345,271 | 338,381 |
| Long term indebtedness, minority interest, capital expenditure grants, and deferred taxation | 41,477 | 69,093 | 78,759 | 71,727 | 66,981 |
| | 324,273 | 340,653 | 287,604 | 273,544 | 271,400 |
| **Net assets per share** | **309p** | **325p** | **274p** | **261p** | **259p** |
| Represented by: | | | | | |
| Issued share capital | 2,103 | 26,215 | 26,212 | 26,202 | 26,202 |
| Share premium | 12,064 | 30,695 | 30,683 | 30,631 | 30,622 |
| Reserves | 210,642 | 159,810 | 150,467 | 159,888 | 155,121 |
| | 224,809 | 216,720 | 207,362 | 216,721 | 211,945 |
| Appreciation of investments | 99,464 | 123,933 | 80,242 | 56,823 | 59,455 |
| | 324,273 | 340,653 | 287,604 | 273,544 | 271,400 |

NOTES

1. The 1980 earnings, dividends, and net assets reflect the effect of the restructuring of the group as detailed in the report of the directors on pages 16 and 17.
2. No account has been taken of taxation on appreciation of investments (see note 11(ii) on the accounts on page 31).

# Subsidiary companies

| Company | Nature of business | Group interest in equity capital (per cent) | Country of incorporation/ operation |
|---|---|---|---|
| **INDUSTRIAL AND COMMERCIAL** | | | |
| Anmercosa Sales Limited | Marketing of metals | 75 | England |
| **CAPE INDUSTRIES GROUP** | | | |
| Cape Industries Limited | Industrial | 67.3 | England |
| Cape Boards and Panels Limited | Insulation board for ship and building construction | 67.3 | England |
| Cape Building Services Limited | Fire protection and insulation contracting | 67.3 | England |
| Cape Contracts Limited | Industrial thermal insulation contracting | 67.3 | England |
| Cape Automotive Limited | Distribution of automotive components | 67.3 | England |
| Cape Insulation Limited | Manufacture of insulation products | 67.3 | England/ Scotland |
| Cape Investments S.A. (Pty) Limited | Holding company for South African industrial subsidiaries | 67.3 | South Africa |
| Cape Universal Claddings Limited | Asbestos cement products and other building materials | 67.3 | England |
| Don International Limited | Manufacture of friction materials | 67.3 | England |
| Don International S.A. | Manufacture of friction materials | 67.3 | Belgium |
| Trist, Draper Limited | Manufacture of friction materials | 67.3 | England |
| **HEATRAE-SADIA GROUP** | | | |
| Heatrae-Sadia Holdings Limited | Industrial holding company | 100 | England |
| Heatrae Catering Equipment Limited | Commercial catering equipment | 100 | England |
| Heatrae-Sadia Heating Limited | Domestic and industrial heating equipment | 100 | England |
| Sadia Airofreeze Limited | Commercial refrigeration | 100 | England |
| **MKR GROUP** *(formerly MK Refrigeration group)* | | | |
| MKR Holdings Limited | Industrial holding company | 100 | England |
| Gaskell & Chambers Limited | Drink dispensing equipment | 100 | England |
| M.K. Refrigeration Limited | Bar cooling equipment | 100 | England |
| Morgan Furniture Limited | Contract furniture | 100 | England |
| Paterex Limited | Precision engineering | 100 | England |
| **PANDROL GROUP** *(formerly Elastic Rail Spike group)* | | | |
| Pandrol International Limited | Railway track fastenings | 100 | England |
| Elastic Rail Spike Company (Australia) Pty Limited | Railway track fastenings | 100 | Australia |
| Pandrol Canada Limited | Railway track fastenings | 75 | Canada |
| Pandrol Incorporated | Railway track fastenings | 100 | United States of America |
| Torque Tension Limited | Mine roof bolting systems and drilling equipment | 100 | England |
| **FINANCE AND INVESTMENT** | | | |
| Barnato (Holdings) U.K. Limited | Investment | 100 | England |
| The British South Africa Company | Investment | 100 | England |
| The British South Africa Company Investments Limited* | Investment | 100 | England |
| Central Mining Finance Limited | Finance and investment | 100 | England |
| Centramic (South Africa) Limited | Investment | 100 | South Africa |
| Charter Consolidated Finance Limited | Finance | 100 | England |
| Charter Consolidated Investments Limited* | Investment | 100 | England |
| Charter Consolidated (Malaysia) Sendirian Berhad | Investment | 100 | Malaysia |
| Charter Consolidated Overseas N.V. | Finance | 100 | Netherlands Antilles |
| Hawkswick Holdings Limited | Investment | 100 | England |
| Interlink Investments Limited | Investment | 100 | Canada |
| Leonora Investments Limited | Investment | 100 | Gibraltar |
| Nimbus Investments S.A. | Investment | 100 | Luxembourg |
| Raven Investments Limited | Investment | 100 | Gibraltar |
| Shafford Holdings Limited | Investment | 100 | England |
| Tande Investments Limited | Investment | 100 | England |
| Town Properties Limited | Investment | 100 | South Africa |

| Company | Nature of business | Group interest in equity capital (per cent) | Country of incorporation/ operation |
|---|---|---|---|
| **SERVICES** | | | |
| Anglo Charter International Services Limited* | Employment services | 51 | England |
| Charter Consolidated Services Limited* | Administration and technical services | 100 | England |

*Shares in these companies are held directly by the company; the shares in the remaining companies are held through subsidiaries.

NOTES

1. The companies listed above include those whose activities materially affected the profit or assets of the group during the year. They exclude former mining subsidiaries of the Cape Industries Limited group disposed of during the year.
2. A subsidiary holds 100 per cent of the 3½ per cent cumulative preference shares of Cape Industries Limited and 67.3 per cent of the 4.2 per cent cumulative preference shares of Don International Limited.
3. The accounts of Cape Industries Limited, MKR Holdings Limited, and Charter Consolidated Overseas N.V. are not audited by the Charter group auditors but are available on application.
4. The financial years of the industrial subsidiaries terminate on 31 December.

# General information

## Directors' interests

The following are the interests of the directors of the company who held office on 31 March 1980 as notified to the company in terms of the Companies Act 1967:

| | FULLY PAID SHARES | |
|---|---|---|
| DIRECTORS | 25p each 1 April 1979 | 2p each 31 March 1980 |
| P. C. D. Burnell | 100* | 100* |
| J. N. Clarke | 100* | 100* |
| J. E. H. Collins | 100* | 100* |
| J. O. Hambro | 1,131* | 1,131* |
| | 1,745 | 1,745 |
| G. A. Higham | (appointed 10 August 1979 - 500*) | 500* |
| M. B. Hofmeyr | 100 | 100 |
| F. J. A. Howard | 500* | 1,000* |
| H. F. Oppenheimer | 100 | 100 |
| Sir Philip Oppenheimer | 9,798* | 9,798* |
| A. J. W. Owston | 100* | 100* |
| B. W. Pain | 100 | 100 |
| G. W. H. Relly | 500* | 500* |
| | 100 | 100 |
| J. G. Richardson | 100* | 100* |
| A. Spinks | (appointed 16 October 1979 - nil) | 500* |
| H. J. Stucke | 100* | 100* |
| M. W. Thomas | 100* | 100* |
| J. Ogilvie Thompson | 100 | 100 |
| ALTERNATE DIRECTORS | | |
| R. J. Armitage | nil | nil |
| A. E. Oppenheimer | nil | nil |

*these interests are beneficially owned; the remainder are not beneficially owned

Of these directors and alternate directors, the following had beneficial interests in the partly paid shares of the company issued under its share incentive scheme and in the fully paid shares of the company allotted to the holders of the partly paid shares under the scheme of arrangement of 22 October 1979 and subject to the same restrictions as the partly paid shares to which they relate. The effect of the share incentive scheme was to enable executive directors and senior employees to subscribe for shares which, after a qualifying period, could be fully paid up at a price determined at the time of subscription.

| | PARTLY PAID SHARES (1p PAID UP) | | FULLY PAID SHARES WITH RESTRICTED RIGHTS (ALLOTTED 13 DECEMBER 1979) |
|---|---|---|---|
| | 25p each 1 April 1979 | 2p each 31 March 1980 | 2p each 31 March 1980 |
| P. C. D. Burnell | 7,500 | 7,500 | 3,304 |
| J. N. Clarke | 7,500 | 7,500 | 3,304 |
| A. J. W. Owston | 6,000 | 6,000 | 2,643 |
| B. W. Pain | 12,500 | 12,500 | 5,507 |
| J. G. Richardson | 10,000 | 10,000 | 4,405 |
| R. J. Armitage | 7,500 | 7,500 | 3,304 |

Mr G. A. Higham also had a beneficial interest in 250 ordinary shares of 25p each in Cape Industries Limited, a subsidiary of the company, at 1 April 1979 and 31 March 1980.

There has been no change notified in any of the above-mentioned interests between the end of the financial year and 10 June 1980, being one month prior to the date of the notice of annual general meeting.

There were no contracts or arrangements subsisting during the financial year which require to be disclosed in terms of section 16(1)(c) of the Companies Act 1967 as interpreted by the Council of The Stock Exchange.

## Substantial shareholding

Anglo American Corporation of South Africa Limited held an interest of 35.8 per cent in the issued share capital of the company at 10 June 1980.

## Taxation

(i) Capital gains tax
The market price of the company's shares on 6 April 1965 adjusted for the effect of the restructuring of the group was:
Registered shares - 68.73p
Shares represented by renounceable letters of allotment 69.60p
Share warrants to bearer 69.17p
(ii) The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970, and this position has not changed since the end of the financial year.

## Number and remuneration of employees

The average number of employees per week of the company and its subsidiaries working wholly or mainly in the United Kingdom was 12,584 during the year. The aggregate amount of the remuneration paid to such employees during the year was £66,243,000.

## Political and charitable contributions

Contributions for political purposes made through a subsidiary company during the year amounted to £15,300, of which £15,000 was paid to the Conservative Board of Finance and £300 to the Ashford Conservative Association.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £61,353.

## Geographical analysis of turnover of industrial subsidiaries

| | Turnover | | Per cent of turnover | |
|---|---|---|---|---|
| | 1980 £000 | 1979 £000 | 1980 | 1979 |
| United Kingdom | 187,506 | 176,758 | 70.4 | 74.1 |
| Rest of Europe | 39,691 | 26,236 | 14.9 | 11.0 |
| Australasia and South-east Asia | 9,523 | 3,498 | 3.6 | 1.5 |
| North and South America | 8,336 | 10,440 | 3.1 | 4.4 |
| South Africa | 8,768 | 17,551 | 3.3 | 7.3 |
| Rest of Africa and Middle East | 12,555 | 3,963 | 4.7 | 1.7 |
| | 266,379 | 238,446 | 100.0 | 100.0 |

See note 2 on page 38.

## Exports

The aggregate value of goods exported by the group's United Kingdom industrial subsidiaries during the year was £28,913,000 (1979 - £26,346,000).

## Investments of 20 per cent or more

The following is the information required by The Stock Exchange about the major companies in which Charter's equity interest is 20 per cent or more:

ASSOCIATED COMPANIES AT 31 MARCH 1980

Beralt Tin and Wolfram Limited
*Principal country of operation:* Portugal
*Issued share capital at 31 December 1979:* £2,868,667 in ordinary shares of 25p each

Cleveland Potash Limited
*Principal country of operation:* England
*Issued share capital at 31 March 1980:* £37,000,000 in 7,000,000 ordinary shares of £1 each and 30,000,000 10 per cent redeemable participating preference shares of £1 each
*Issued loan capital:* £7,400,000 25 per cent unsecured loan stock 1987 and £455,565 25 per cent unsecured loan stock 1988, of which Charter held 62.3 per cent

Covenant Industries Limited
*Principal countries of operation:* Kenya, Nigeria, Tanzania, Zambia
*Issued share capital at 30 September 1979:* £91,824 in ordinary shares of £1 each

Johnson, Matthey & Co. Limited
*Principal country of operation:* England
*Issued share capital at 31 March 1979:* £53,028,037 in ordinary shares of £1 each and £300,000 in 3½ per cent cumulative preference shares of £1 each
*Issued loan capital:* £7,500,000 in £4,500,000 7¼ per cent debenture stock 1990-95 and £3,000,000 5¼ per cent debenture stock 1988-90

Malaysia Mining Corporation Berhad
*Principal country of operation:* Malaysia
*Issued share capital at 31 January 1980:* M$10,000,000 in shares of M$1 each

OTHER COMPANIES

Anglo American Corporation Zimbabwe Rhodesia Limited
*Principal country of operation:* Zimbabwe
*Issued share capital at 30 June 1979:* Z$28,354,606 in shares of Z$1 each
*Reserves:* Z$36,603,000

Selection Trust Limited
*Principal country of operation:* England
*Issued share capital at 31 December 1979:* £7,945,538 in 31,776,652 shares of 25p each and 24,444 shares of 25p each (5.625p per share paid up)
*Reserves:* £105,100,000

Société Minière d'Anglade
*Principal country of operation:* France
*Issued share capital at 31 December 1979:* FF6,000,000 in shares of FF100 each
*Reserves:* FF1,230,163

# Group directory

**Chairman**
Dr A. Spinks

**Executive directors**

J. N. Clarke
*Chief executive*

G. A. Higham
*Industrial*

F. J. A. Howard
*Finance*

Sir Philip Oppenheimer

A. J. W. Owston
*Mining*

B. W. Pain

J. G. Richardson
*Administration*

**Managing directors of industrial subsidiaries**

CAPE INDUSTRIES
W. R. Doughty

HEATRAE-SADIA
M. W. King

MKR HOLDINGS
J. Hamilton

PANDROL INTERNATIONAL
B. Clough

TORQUE TENSION
M. R. Stokes

**Officials**

R. J. Armitage MANAGER
*Administration; treasury*

J. D. Ballardie
*Special industrial projects*

D. S. Booth
*Secretary*

I. R. M. Chaston
*Consulting metallurgist*

J. V. Cleasby
*Consulting engineer; head of technical department*

R. H. T. Dawkins
*Group chief accountant*

A. V. Dunster
*Corporate finance manager*

H. E. O. Ellison
*Public relations consultant*

C. J. Forristal
*Consulting engineer*

P. A. L. Gordon
*Manager, new mining business*

L. H. G. Livingstone-Learmonth MANAGER
*Manager, mining operations*

N. G. McNair Scott MANAGER
*Business development manager*

R. D. McVean
*Personnel consultant*

Dr J. F. Osten
*Consulting geologist*

J. A. Pool
*Industrial liaison manager*

A. H. W. Purkiss
*Consulting mechanical and electrical engineer*

J. A. Shoubridge
*Ashford office; administrative manager*

L. L. C. Smets
*Chief economist*

M. J. Statham
*Investment manager*

J. S. de W. Waller
*Manager, metal sales*

**Offices**

40 Holborn Viaduct,
London EC1P 1AJ
*(registered)*

Charter House,
Park Street, Ashford,
Kent TN24 8EQ

44 Main Street,
Johannesburg 2001,
South Africa

PO Box 28, Toronto-Dominion Centre,
Toronto, Ontario M5K 1B8,
Canada

70 Jameson Avenue
Central, Salisbury C1,
Zimbabwe

8th Floor, Oriental Plaza,
Jalan Parry,
Kuala Lumpur 04-01,
Malaysia

9 rue de Vienne,
75008 Paris, France

244 Avenida da Liberdade,
Lisbon 2, Portugal

**Registrars**

Charter Consolidated
Services Limited,
PO Box 102, Charter
House, Park Street,
Ashford,
Kent TN24 8EQ

Consolidated Share
Registrars Limited,
62 Marshall Street,
Johannesburg 2001,
South Africa

**Procédure permettant aux détenteurs de certificats d'actions au porteur d'assister à une assemblée générale**

Les détenteurs de certificats d'actions au porteur désirant assister en leur qualité de membre à une assemblée générale, sont tenus de déposer leurs certificats d'actions trois jours ouvrables francs au moins avant la date de l'assemblée au bureau du directeur du registre de la société au Royaume-Uni ou à ceux des agents de la société à l'étranger.

Les administrateurs acceptent qu'à la place du certificat d'actions soit déposée une attestation* délivrée par une banque ou par toute autre personne déclarant avoir reçu le dépôt du certificat d'actions. La banque ou la personne habilitée doit s'engager à ne remettre le certificat d'actions au déposant que contre remise de l'attestation de dépôt et d'engagement.

La société remettra au déposant d'un certificat d'actions ou d'une attestation de dépôt et d'engagement une carte d'admission portant ses nom et adresse, de même que le nombre d'actions représenté par le certificat correspondant. Cette carte lui permettra, de ce fait, d'assister et de voter en personne ou par mandataire à une assemblée générale.

**des formulaires peuvent être obtenus auprès des bureaux indiqués ci-dessus*

**MM. les actionnaires peuvent se procurer des exemplaires des conditions régissant les certificats d'action au porteur en s'adressant soit au siège social ou au bureau du directeur du registre de la société, soit aux bureaux des agents de la société aux adresses suivantes: Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris; Banque Rothschild, 21 rue Laffitte, 75009 Paris.**

**Procedure for holders of share warrants to bearer to attend a general meeting**

Holders of share warrants to bearer wishing to attend as members at a general meeting must deposit their share warrants at least three clear normal business days before the meeting at the offices of the company's registrars in the United Kingdom or any of the company's overseas paying agents.

The directors may accept in lieu of the deposit of a share warrant a certificate* from a banker or other approved person to the effect that the share warrant has been deposited with him. The banker or approved person must give an undertaking not to surrender the share warrant to the depositor except against return of the certificate of deposit and the undertaking.

The company will deliver to the person depositing a share warrant, or certificate of deposit and an undertaking, an admission card stating his name, address, and the number of shares represented by the relative warrant to enable him to attend and vote in person or by proxy at a meeting.

**Forms are available from the abovementioned offices*

**Copies of the conditions governing share warrants to bearer are available from the registered office of the company and the office of its registrars in the United Kingdom, and from the company's overseas paying agents, Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris, and Banque Rothschild, 21 rue Laffitte, 75009 Paris.**

MM. les actionnaires sont informés qu'ils peuvent se procurer un exemplaire en français de ce rapport en s'adressant soit à Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ, soit à Charter France, 9 rue de Vienne, 75008 Paris, soit à Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris, soit à la Banque Rothschild, 21 rue Laffitte, 75009 Paris.

*Printed in England by Westerham Press*

# Charter Consolidated Limited

**The following is the text of a press announcement issued by Charter on Monday 7 July 1980**

The British Petroleum Company Limited ("BP") and Selection Trust Limited ("Selection Trust") have today announced details of BP's offer for the issued share capital of Selection Trust, of which Charter Consolidated Limited ("Charter") holds 25.7 per cent.

Charter has indicated its intention to accept this offer which, if the offer becomes unconditional, will result in the receipt by Charter of cash or BP Ordinary Shares to an aggregate value in excess of £100 million.

As mentioned in the detailed announcement of the offer for Selection Trust, Charter, BP, and Selection Trust have agreed that negotiations should take place for the acquisition by Charter of the Alexander Shand group from Selection Trust and of participations in certain North Sea oil interests from BP (although there is no commitment either in principle or as to price to conclude such negotiations). Alexander Shand would provide a base for the development of opencast coal mining operations internationally; participations in North Sea oil would support Charter's existing involvement in North Sea exploration.

These potential acquisitions, which will only absorb a part of the consideration receivable by Charter for its holding in Selection Trust, are in furtherance of the policy outlined at the time of the reorganisation announced in the Autumn of 1979 of developing Charter's business in industry and mining.

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