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DOCUMENT DESCRIPTION: Consolidated Profit and Loss Account - Charter Consolidated Ltd. & Subsidiaries [Legal - Tibbs Case Exhibit 82]

Consolidated profit and loss account

Year ended 31 March 1983
Charter Consolidated P.L.C. and its subsidiary companies

	Note	1983 £000	1982 £000
Revenue			
Operating profit of industrial and mining subsidiaries	1	14,767	13,490
Income from investments	2	17,718	22,611
Share of retained profits of associated companies	3	12,502	16,982
Surplus on realization of investments		9,252	11,552
Interest receivable	1	8,556	7,934
		<u>62,795</u>	<u>72,569</u>
Expenditure			
Administration and technical	1	5,781	5,035
Prospecting		1,821	968
Interest payable	4	7,487	7,339
		<u>15,089</u>	<u>13,342</u>
Profit before taxation		<u>47,706</u>	<u>59,227</u>
Taxation	8	11,023	19,502
Profit after taxation before extraordinary items		<u>36,683</u>	<u>39,725</u>
<i>Deduct:</i>			
Interest of outside shareholders in profits of subsidiaries		1,738	2,000
Profit sharing scheme		54	98
		<u>1,792</u>	<u>2,098</u>
Profit attributable to Charter		<u>34,891</u>	<u>37,627</u>
Earnings per share 33.2p (1982 - 35.8p)	6		
Dividends paid and proposed	7	11,560	11,558
		<u>23,331</u>	<u>26,069</u>
Extraordinary items	9	(2,343)	(5,568)
Retained profit transferred to reserves	19	<u>20,988</u>	<u>20,501</u>
Profit for the year after extraordinary items totalled £32,548,000 (1982 - £32,059,000)			

See note 21 on page 32 for basis of consolidation of Anderson Strathclyde PLC

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.

Consolidated balance sheet

31 March 1983
Charter Consolidated P.L.C. and its subsidiary companies

	Note	1983		1982	
		£000	£000	£000	£000
Fixed assets	11		206,494		127,660
Exploration expenditure			266		312
Investments	10		169,545		186,206
Market or directors' valuation £405,751,000 (1982 - £313,588,000)					
Assets under finance leases to third parties			14,903		13,484
Current assets					
Stocks and work in progress	12	169,655		82,413	
Debtors	13	122,824		83,772	
Short term loans and deposits		66,938		36,287	
Bank and cash balances		6,717		3,511	
		<u>366,134</u>		<u>205,983</u>	
Current liabilities					
Creditors	14	156,694		94,416	
Taxation		25,072		22,772	
Associated companies' and other deposit accounts	14	19,487		8,154	
Short term borrowings	15	58,218		18,153	
Proposed final dividend		7,619		7,618	
		<u>267,090</u>		<u>151,113</u>	
Net current assets			<u>99,044</u>		<u>54,870</u>
			<u>490,252</u>		<u>382,532</u>
Financed by:					
Share capital	17		2,105		2,105
Share premium account	18		12,368		12,351
Reserves	19		294,669		305,287
Total capital and reserves			<u>309,142</u>		<u>319,743</u>
Capital expenditure grants			6,913		3,641
Interest of outside shareholders in subsidiaries	21		85,163		30,172
Long term indebtedness	20		86,123		26,251
Deferred taxation	8		2,911		2,725
			<u>490,252</u>		<u>382,532</u>

Approved by the board of directors on 21 June 1983

J. N. CLARKE }
F. J. A. HOWARD } DIRECTORS

See note 21 on page 32 for basis of consolidation of Anderson Strathclyde PLC

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.

Balance sheet

31 March 1983
Charter Consolidated P.L.C.

	Note	1983		1982	
		£000	£000	£000	£000
Subsidiary companies					
Shares at cost or valuation		93,779		93,779	
<i>Deduct:</i>					
Amounts due to subsidiaries		<u>79,053</u>	14,726	<u>79,682</u>	14,097
Current assets					
Bank balances	2			4	
Taxation		<u>164</u>	166	<u>—</u>	4
Deferred asset					
Advance corporation tax	8		<u>3,265</u>	<u>3,265</u>	
			<u>18,157</u>	<u>17,366</u>	
Financed by:					
Share capital	17		2,105		2,105
Share premium account	18		385		368
Reserves	19		<u>6,253</u>		<u>4,400</u>
Total capital and reserves			<u>8,743</u>		<u>6,873</u>
Current liabilities					
Creditors		85		82	
Taxation				1,083	
Deposit account		1,710		1,710	
Proposed final dividend		<u>7,619</u>		<u>7,618</u>	
			<u>9,414</u>		<u>10,493</u>
			<u>18,157</u>		<u>17,366</u>

Approved by the board of directors on 21 June 1983

J. N. CLARKE }
F. J. A. HOWARD } DIRECTORS

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.

Source and application of funds

Year ended 31 March 1983
Charter Consolidated P.L.C. and its subsidiary companies

	Note	1983		1982	
		£000	£000	£000	£000
OPERATING CASH FLOW					
Profit before interest payable and taxation			55,193		66,566
Share of retained profits of associated companies			(12,502)		(16,982)
Timing differences on dividend income from associated companies			—		2,889
Provisions for portfolio investments			2,840		32
			<u>45,531</u>		<u>52,505</u>
Operating cash flow from revenue sources					
Funds applied to maintenance of operations:					
Increase in working capital	23(i)	(6,300)		(13,603)	
Fixed assets					
Purchases for normal replacements and enhancements less capital expenditure grants		(26,242)		(31,475)	
Book value of disposals		4,447		2,713	
Depreciation		16,972		13,886	
		<u>(4,823)</u>	<u>(11,123)</u>	<u>(14,876)</u>	<u>(28,479)</u>
			34,408		24,026
Operating cash flow					
Taxation paid		(7,626)		(23,369)	
Interest payable		(7,487)		(7,339)	
Dividends paid		(11,559)	(26,672)	(10,868)	(41,576)
			<u>7,736</u>		<u>(17,550)</u>
Cash flow after taxation and service of capital					
Extraordinary items before taxation, less provisions, and other items			(9,071)		(916)
			<u>(1,335)</u>		<u>(18,466)</u>
Net cash flow for the year					
FUNDS APPLIED FOR NEW BUSINESS					
Purchase of subsidiaries	23(ii)	(47,248)		(7,971)	
Increase in assets under finance leases		(1,419)		(13,206)	
		<u>(48,667)</u>		<u>(21,177)</u>	
Deduct: Net realizations of investments	23(iii)	14,136	(34,531)	7,995	(13,182)
			<u>(35,866)</u>		<u>(31,648)</u>
Overall cash utilization					
FINANCED AS FOLLOWS					
Decrease in liquid funds	23(iv)		(26,812)		(25,710)
Increase in long term indebtedness			(9,054)		(5,938)
			<u>(35,866)</u>		<u>(31,648)</u>

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.
Notes on the source and application of funds are in note 23 on page 32.

Consolidated current cost accounts

Charter Consolidated P.L.C. and its subsidiary companies

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 1983

	Note	1983		1982	
		£ million	£ million	£ million	£ million
Profit before interest and taxation on a historical cost basis			46.7		58.6
<i>Deduct:</i> Current cost operating adjustments relating to:					
Operating profit of industrial and mining subsidiaries	3	14.5		11.9	
Share of retained profit of associated companies	9	3.7		5.2	
Surplus on realization of investments	6	1.1		2.4	
Administration and technical expenditure	4	0.7		0.9	
			20.0		20.4
Current cost operating profit			26.7		38.2
Interest receivable (net)		1.1		0.6	
<i>Deduct:</i> Leasing adjustment	6	0.6			
			0.5		0.6
Gearing adjustment	7		2.3		2.0
Current cost profit before taxation			29.5		40.8
Taxation			11.0		19.5
			18.5		21.3
Interest of outside shareholders in profits of subsidiaries			0.2		0.2
Current cost profit attributable to Charter			18.7		21.1
Earnings per share 17.8p (1982 - 20.1p)					
Dividends paid and proposed			11.6		11.5
Extraordinary items:			7.1		9.6
As shown in the historical cost accounts		(2.4)		(5.6)	
Current cost adjustment		(0.5)		(0.2)	
			(2.9)		(5.8)
Retained current cost profit transferred to reserves			4.2		3.8

CONSOLIDATED BALANCE SHEET

31 March 1983

	Note	1983		1982	
		£ million	£ million	£ million	£ million
Fixed assets	8		289.3		191.0
Exploration expenditure			0.3		0.3
Investments	10		405.7		313.6
Assets under finance leases to third parties	6		14.9		13.5
Net current assets					
Stocks and work in progress	5	177.5		83.9	
Creditors less debtors		(33.9)		(10.8)	
Liquid funds (net)		(4.0)		13.5	
Taxation		(25.1)		(22.8)	
Proposed final dividend		(7.6)		(7.6)	
			106.9		56.2
Financed by:			817.1		574.6
Share capital and share premium		14.4		14.4	
Reserves	11	595.8		485.0	
Capital expenditure grants			610.2		499.4
Interest of outside shareholders in subsidiaries			7.5		3.2
Long term indebtedness			110.4		43.1
Deferred taxation			86.1		26.2
			2.9		2.7
			817.1		574.6

The accounting policies on pages 18 and 19 and the notes on pages 34 and 35 form part of these accounts.

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IMPORTANT DATES

1983	
Annual general meeting	Tuesday 9 August
Payment of final dividend	Thursday 11 August
Declaration of interim dividend and publication of half-yearly report	Tuesday 29 November

1984	
Payment of interim dividend	Thursday 5 January
Recommendation of final dividend and publication of preliminary profits statement	Tuesday 19 June
Posting of annual report and accounts	Thursday 5 July

*subject to change if circumstances require

Charter Consolidated P.L.C.

Annual report and accounts for the year ended 31 March 1983

Chairman

J. O. Hambro, MC

Deputy chairman and chief executive

*J. N. Clarke

Directors

P. C. D. Burnell

J. E. H. Collins, MBE, DSC

*G. A. Higham

M. B. Hofmeyr

*F. J. A. Howard

G. W. Mackworth-Young

A. E. Oppenheimer

N. F. Oppenheimer

*A. J. W. Owston

G. W. H. Rely

*J. G. Richardson

A. T. B. Shand

J. Ogilvie Thompson

*executive directors

Alternate directors

R. J. Armitage

J. V. Cleasby

K. H. Dabell

J. R. B. Phillimore

M. J. Statham

Secretary

D. S. Booth

Notice of meeting

NOTICE IS HEREBY GIVEN that the eighteenth annual general meeting of members of Charter Consolidated P.L.C. will be held in the Caxton suite at the London International Press Centre, 76 Shoe Lane, London EC4A 3JB (New Street Square entrance), on Tuesday 9 August 1983 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1983
2. To declare a final dividend
3. To reappoint as directors Mr P. C. D. Burnell and Mr A. T. B. Shand
4. To reappoint Coopers & Lybrand as auditors and authorize the board to fix their remuneration.

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

40 Holborn Viaduct
London EC1P 1AJ

D. S. BOOTH
secretary

7 July 1983

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 TN23 2BR, 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.

CHARTER'S BUSINESS

Charter is a British industrial and mining group.

The principal industrial subsidiaries manufacture and install building and insulation products, mining equipment, railway track components, and heating, refrigeration, ventilation, and catering products, and engage in civil engineering and construction.

The mining and natural resource interests are primarily in coal, tin, wolfram, and potash.

The major activities of the parent are finance and investment and the supply of administrative, financial, and technical services.

FINANCIAL SUMMARY		
	1983	1982
	£ million	£ million
Profit before taxation	47.7	59.2
Attributable earnings	34.9	37.6
Extraordinary items: losses	2.3	5.6
Net assets (including appreciation of investments)	545.3	447.1
Earnings per share	33.2p	35.8p
Dividends per share	11.0p	11.0p
Net assets per share	519p	426p

Statement by the chairman and the chief executive

Results

Earnings attributable to shareholders of Charter for the year to 31 March 1983 were £34.9 million, equivalent to 33.2p per share. This was 7.3 per cent lower than last year's earnings of £37.6 million, or 35.8p per share. On a current cost basis attributable earnings were £18.7 million, against £21.1 million for the preceding year.

A final dividend of 7.25p net is recommended to give an unchanged total dividend of 11p per share. This dividend is covered 3.0 times by historical cost earnings and 1.6 times on a current cost basis.

Climate

The small reduction in earnings reflects the recession which continued virtually unabated through 1982 and into 1983. Some recent signs of recovery in the United States, mainly in housing and car sales, have led to an improvement in business confidence, but this is tempered by concern over the federal budget deficit and its potential effect on the cost of money, which could limit or stop any more broadly based recovery. In the United Kingdom, most of the improvement during 1982 and early 1983 stems from an end to destocking and from cost-cutting and improvements in productive efficiency. There is as yet little evidence of real improvement in demand, and the prospects for this, here as elsewhere in Europe, will depend very much on the ability of the United States to hold down interest rates. In short, the success in reducing and controlling inflation has provided the base for recovery but until the process is more fully established it must be regarded as fragile.

Against this background, the markets for minerals and metals have shown only modest recoveries but in some cases, notably tungsten which was late in feeling the effect of recession, have been very weak.

Industrial operations

The results for Cape Industries showed some improvement on a marginal increase in turnover. This was obtained by continuing the process of eliminating losses and increasing productivity and was helped by some firmness in the prices and demand for insulation products.

Pandrol International, the railway equipment and services group, was affected by industrial action at British Rail and restraints on railway expenditure in overseas markets. Substantial investment in the Australian operations was made during the year and Speno Rail Services in the United States completed the construction of the new rail grinding train which provides the most advanced facility for this service in the world.

Perard Torque Tension came under pressure from the continuing recession in the mining industry.

Heatrac-Sadia incurred major reorganization costs in rationalizing manufacturing facilities to meet trading conditions and improve efficiency, while profits fell at MKR Holdings primarily because of the severe decline in aerospace component orders. However, both these companies have made encouraging progress in introducing new products to their markets, and the current level of orders gives some hope for improvement in performance in 1983.

Mining operations

The Shand group achieved good performance in the contract coal mining operations for the National Coal Board and in the civil engineering and construction business, particularly in the Middle East. The cement board plant in Malaysia came into commercial operation in September and the initial teething problems have been overcome. However, the product is achieving only slow acceptance, in a depressed housing and construction market, and requires a significantly larger volume of sales before breakeven level is achieved.

We refer later to the development of Shand's coal mining operations in the United States.

After the record profits achieved in 1981 the results of Beralit Tin and Wolfram declined severely in 1982 primarily as a result of low tungsten prices, coupled with

the effect on unit costs of lower grades in the areas currently being mined. The Beralt mine is a high quality orebody, with access to very substantial reserves developed over the last few years.

Finance and investment

Investment income fell from £22.6 million to £17.7 million this year, mainly as a result of the sale of our holding of gilt-edged securities in the autumn of 1982, and because we did not receive any dividend from Anglo American Corporation Zimbabwe due to exchange control restrictions. Other significant factors were the consolidation of Beralt as a subsidiary and the absence of any income from our investment in Haw Par, sold in 1981.

The year saw opportunities to trade successfully in securities in the major markets and, in addition, our holding of gilt-edged securities was sold at a good profit, as was a small part of our holding in The Rio Tinto-Zinc Corporation regarded as a trading asset.

We have continued our business in finance leasing, commenced in 1981, to earn profits while deferring liability to taxation arising particularly on disposals of investments.

Our share of profits retained by associates fell by £4.5 million to £12.5 million principally because of a fall in the profits of Johnson Matthey. In addition, Malaysia Mining Corporation and Beralt ceased to be associates in 1981, Beralt on becoming a subsidiary. These negative factors were offset by an increased contribution from Anderson Strathclyde in respect of the 28.4 per cent interest held for all but the last few days of the year, prior to the company becoming a subsidiary.

Acquisitions and disposals

Our policy of building up our industrial and mining business in selected areas was carried significantly further during the year in the fields of mining equipment and of coal and tin mining. In an active programme of acquisitions some £96 million was spent by the group.

The lively take-over battle which ensued after our offer in May last year to the shareholders of Anderson Strathclyde finally brought control of that company in March. The company will now become a wholly owned subsidiary of Charter, at a total cost, including the cost of the initial interest purchased in 1980, of about £80 million. Mr Geoffrey Higham has been appointed non-executive chairman and a good working relationship has been established with the management in Glasgow.

Anderson is an excellent company with a deservedly high reputation in the coal industry for the quality of its coal mining machinery. It will make a significant contribution to our operating profits in future years.

Early in 1983 Anderson acquired a 51 per cent interest in National Mine Service Company (NMS) of Pittsburg, a major manufacturer and distributor of mining equipment. NMS is currently suffering severely from the recession in the mining industry but it should provide a much broader base for the development of Anderson's business in the United States.

Charter has now achieved a major investment in the manufacture of mining equipment, and the establishment of this has been at the forefront of our development strategy since the reorganization of 1979.

In December 1982, Shand Mining, a subsidiary of Alexander Shand (Holdings), purchased B & LS Contracting, which is engaged in surface coal mining in Indiana. This significantly expands Shand's overall coal mining activity to approximately three million tonnes per annum. While operations in the United Kingdom have been hampered by bad weather and the restrictions in output by the National Coal Board, output in the United States is on target although selling prices have been somewhat depressed. Work is in hand to expand the reserves available to B & LS in Indiana and the contractual sales commitments.

In the autumn of 1982 Charter acquired control of the South Crofty tin mining group. We agreed with The Rio Tinto-Zinc Corporation (RTZ), which held a minority interest in the company, that RTZ would take a 40 per cent participation in South Crofty and it is our intention in partnership with RTZ to expand the scope of operations.

Since 1979, we have made significant progress in the development of our operating business, with a major shift in capital employed in industrial and mining subsidiaries. This has grown more than threefold from £110 million to about £360 million and now accounts for almost half of total capital employed. Of the total, £250 million or 33 per cent is invested in industry and £110 million or 15 per cent in mining. These operating assets would have represented an even larger proportion of our total assets were it not for a second major influence on our position since October 1979. We then held approximately £200 million worth of what may be described as passive investments. At the end of June 1983, even after the sale, during the intervening three years, of investments to realize about £200 million, including the recent sale of our interest in RTZ, the value of our important interests in Johnson Matthey, MINORCO, and Malaysia Mining Corporation, together with other investments, was £335 million.

We have thus been able to achieve this development of our operating business without creating any strain on our balance sheet and while retaining a substantial investment base.

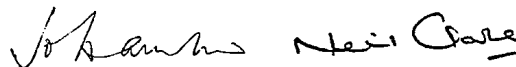
With these major influences on the overall value and composition of our assets, and because dividends from those investments we retain have not grown in proportion to the increase in their market value, the pattern of our income has altered significantly, and will alter further in 1983. Sources of operating profits are now much greater in scale and more diverse in scope than they were in 1979 and income from our industrial and mining subsidiaries, though depressed in recent years, should assume much greater importance in future. As a consequence the relative contribution of investment income has fallen and will fall further with the sale of our holding in RTZ.

With operating profits reflecting the recession and with a low return on the increased value of our investments, the overall return on assets cannot be regarded as satisfactory at present. Throughout the group efforts are directed towards ensuring that a return to more realistic levels of profitability are achieved both through improvements in efficiencies and action to take full advantage of the gradual recovery in economic conditions now emerging.

Directorate

Mr J. E. H. Collins, who has been a director of the company since its formation in 1965, has indicated his wish to retire after this year's annual general meeting. Tim Collins has been a most valued member of our board and we shall miss his wise advice and sound judgment.

The last year has made considerable demands on the employees of the Charter group, both at the centre and in the operating companies. We would like to thank them all on behalf of the shareholders and the board.



J.O. HAMBRO
chairman

J. N. CLARKE
chief executive

London
23 June 1983

Report of the directors

The directors submit their report for the year to 31 March 1983 on the interests and operations of the company and its subsidiaries.

Charter is a British industrial and mining group. The principal industrial subsidiaries manufacture and install building and insulation products, mining equipment, railway track components, and heating, refrigeration, ventilation, and catering products, and engage in civil engineering and construction. The mining and natural resource interests are primarily in coal, tin, wolfram, and potash. The major activities of the parent are finance and investment and the supply of administrative, financial, and technical services.

Charter operates through four divisions - industrial, mining, finance, and administration. The management of subsidiaries is decentralized, giving each company operational autonomy and responsibility.

This report covers first the results of the group, then the operating subsidiaries, and finally the major investment interests.

CHARTER

Results

Earnings for the year, before tax and extraordinary items, were £47.7 million, compared with £59.2 million for the previous year, and the profit attributable to Charter after tax and minority interests was £34.9 million, a decrease of £2.7 million. On a current cost basis, earnings show a group profit before tax of £29.5 million, compared with £40.8 million last year.

The recession continued to affect the profits of most of the operating subsidiaries, although Cape Industries showed some improvement.

Income from investments was £17.7 million (1982 - £22.6 million). Charter has treated Anderson Strathclyde as an associated company in the results for the year, and this figure therefore includes Charter's share of a full year's

dividend from that company. Investment income was affected, however, by the sale of gilt-edged holdings during the year. Surplus on realization of investments was £9.2 million (1982 - £11.6 million).

Retained profits of associated companies were £12.5 million (1982 - £17.0 million). This reflects the changed status of Beralit Tin and Wolfram, which became a subsidiary in August 1981, and that of Malaysia Mining Corporation, which ceased to be an associate during that year. The main factors, however, were the decline in profitability of Johnson Matthey, offset by an increased contribution from Anderson Strathclyde.

Extraordinary items show a deficit of £2.3 million (1982 - deficit of £5.6 million), arising mainly from the further rationalization of the business of Cape Industries.

Dividends and reserves

The board has recommended a final dividend of 7.25p per share payable on or about 11 August 1983 which with the interim dividend of 3.75p per share paid on 6 January 1983 makes a total dividend for the year to 31 March 1983 of 11p per share, carrying a tax credit of 4.71428p per share. The cost of the dividends to the company will be £11.6 million, approximately the same as for the previous year.

After deducting this amount from the profit attributable to Charter and deducting extraordinary items, the amount transferred to reserves was £21.0 million, compared with £20.5 million in the previous year. Movements on reserves are shown in note 19 on the accounts on page 30.

Major developments

In May 1982 Charter made an offer to acquire the outstanding capital of Anderson Strathclyde. The offer was referred to the Monopolies and Mergers Commission and your board decided to argue the

case before the Commission. On 21 December the Minister for Trade announced, following receipt of the Commission's report, that he had decided to follow the minority recommendation and allow the proposed offer by Charter to proceed.

On 3 March Charter announced a cash offer of 200p for each Anderson Strathclyde share. The offer became unconditional on 25 March with the acquisition of control of more than 50 per cent, and the Anderson board then recommended shareholders to accept the offer. Charter now controls 98.5 per cent of Anderson, and the provisions of section 209 of the Companies Act 1948 will be applied in the near future to acquire the small number of shares still outstanding.

Anderson is a major producer of coal cutting equipment and mining equipment and your board believes that the acquisition represents an important strategic step in the development of Charter's business.

In August 1982 Charter purchased from Saint Piran its 65.2 per cent holding in South Crofty, the tin mining group in Cornwall, and subsequently made an offer to acquire the whole of the remaining share capital at a price equivalent to 70p per share. It was agreed with The Rio Tinto-Zinc Corporation (RTZ), which owned just over 10 per cent of South Crofty, that following the successful conclusion of the offer RTZ would hold a 40 per cent interest in the company. The operations of South Crofty are reviewed later in this report.

In April 1983 the company completed the sale of its shareholding in RTZ for an aggregate consideration of £57 million. The net proceeds, after provision for tax, are being used to reduce borrowings and finance new investment.

Charter will continue to seek opportunities to develop its industrial and mining interests, both by new acquisitions and by expansion of its existing business. In addition to the enlargement of its active role

through the operating subsidiaries. Charter will continue with its central finance, investment, and service business.

INDUSTRIAL

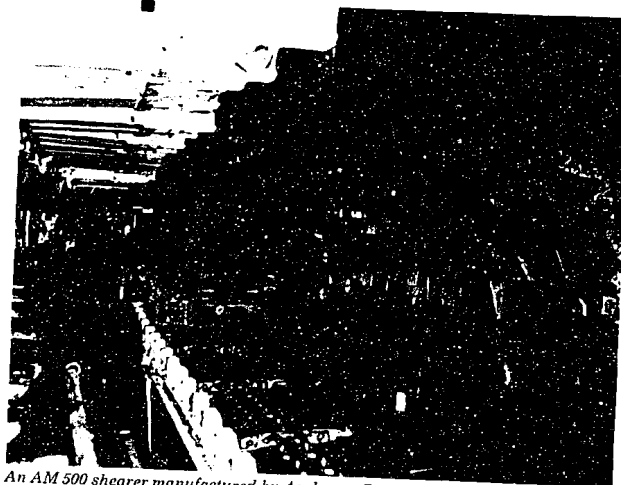
Anderson Strathclyde PLC (98.5%) (63.9% at 31 March)

Anderson Strathclyde is one of the largest manufacturers of underground coal mining equipment in the western world, and is a world leader in the production of power loaders used in the longwall system of mining. The company also produces other mining and tunnelling equipment, including armoured face conveyors, belt conveyors, road headers, and related equipment. It operates principally in the United Kingdom but also in Australia, South Africa, and the United States.

National Mine Service Company (NMS), in which Anderson acquired an interest of 51 per cent in February 1983 for US\$33.7 million (£22.0 million), comprises a group of companies operating mainly in the United States which manufacture and rebuild underground mining machinery and components and replacement parts, distribute mine supplies and health and safety products, and manufacture, repair, and rebuild hydraulic components for the coal mining and railway industries. NMS's sales are made primarily to the underground coal and potash mining industries.

The recession in the coal and potash mining industries in North America deepened during the year and hence the market for mining machinery deteriorated. In addition to the effect of low sales volume, NMS incurred non-recurring expenses relating to the contraction of operations, and a substantial loss was sustained. Benefits should accrue from the acquisition once economic recovery begins to affect the coal mining industry and its suppliers.

Sales by Anderson and its wholly owned subsidiaries rose by £9.6



An AM 500 shearer manufactured by Anderson Strathclyde working on a longwall coal face

million to £109.6 million, an increase of 9.6 per cent on the previous year's level. This advance was achieved despite adverse conditions in many important markets, particularly in the United States. Profit before tax increased significantly due mainly to greater efficiency following substantial investment in new technically advanced plant and machinery, to the continuing achievement of higher productivity, and to successful marketing and product development.

Anderson's consolidated pre-tax profits, including two months' loss of NMS of £1.6 million, were £14.5 million, compared with £11.2 million in the year to 31 March 1982. Profit after tax increased by 39 per cent from £8.1 million to £11.3 million and earnings per share to 25.1p (1982 - 17.0p). Dividends declared and proposed amount to 8p per share (1982 - 6p).

Cape Industries PLC (67.3%)

The company's principal activities are the manufacture of fire protec-

tion, insulation, and other building products; friction materials and other automotive components; and the provision of industrial and domestic insulation contracting and related building services.

Business conditions did not improve during the year to 31 December 1982. Sales at £220 million were only slightly ahead of the £217 million figure for 1981 so that the increase in profit before tax to £3.4 million (1981 - £2.2 million) was due to loss elimination and greater efficiency in operations. Particularly encouraging progress was made in the building and insulation division where, without any real growth in sales, trading profits improved by 43 per cent.

The continuing need for restructuring has resulted in exceptional redundancy costs of £1.2 million and extraordinary expenses of £6.6 million arising from the disposal, closure, or reorganization of unprofitable parts of the business. The major part of this sum arose in the automotive parts distribution company.

Hopes during the last two years that economic conditions would start to improve have not been realized. Output of the construction industry in the United Kingdom, which is the major market for the company's products, did not decline further during the year but the volume of new work remains about 20 per cent below the 1979 level. Despite this low level of activity the profits of the building product companies were satisfactory. It was particularly pleasing that Cape Boards and Panels should receive the Queen's Award for Export in 1982, following the award received for technological

achievement in 1980. The growth in exports has helped the company to achieve excellent results, making up for poor figures from conventional cladding materials where the market was especially depressed.

Following the loss made on the insulation business in 1981, the situation began to improve towards the end of 1982. Higher standards of domestic insulation were introduced during the year and volume increased as a result. Prices were firmer and a small profit was made. The longer term prospects for energy conservation remain good but it will be necessary for the

industry to ensure that capacity is kept in balance with demand. Industrial contracting had an excellent year in the United Kingdom despite keen competition, and the overseas operations also did well and made a significant contribution to profits.

In the automotive industry both original equipment and replacement markets remained weak and this prevented realization of the full benefit of reorganizing the friction material operations, making further redundancies necessary. The distribution activities were also badly affected and further losses were incurred. A significant part of the distribution business has been sold and the remainder is in the course of reorganization.

Prospects for the United Kingdom construction industry for the year ahead seem somewhat better, and the insulation trade should also benefit through the introduction of higher standards. The automotive industry is harder to predict, but the reorganization of the last three years should begin to show results.

In all parts of the business, efficiency and productivity has improved and activities which were not contributing to the profitability of the company, and which seemed unlikely to do so in the future, have been discontinued.

Pine-veneered Monolux 40 non-combustible boards manufactured by Cape Boards and Panels, a subsidiary of Cape Industries, are used for fire protection in the concert hall at London's Barbican Centre



Heatrac-Sadia International Limited (100%)

The group manufactures space, water, and oil heating equipment for industrial, commercial, and domestic uses, and commercial catering and refrigeration equipment. It also supplies commercial heating and ventilation equipment for environmental control, and designs and supplies commercial catering facilities.

Group sales in 1982 were £24.0 million, compared with £20.3 million in 1981, reflecting real growth of some five per cent after allowing for acquisitions. The group trading profit before exceptional re-

organization and redundancy costs was £386,000, compared with £257,000 in 1981. Major reorganization costs of £404,000 have been incurred in the rationalization of manufacturing facilities to meet trading conditions and improve efficiency.

Heatrae's research and development continues to be aimed at product improvements, both to give better quality and to reduce the cost of manufacture. In the heating division a new range of instantaneous showers was launched in

late 1982 and, in the environmental division, two new ranges of catering equipment were introduced last year and new air handling units will be available in 1983. Industrial heating product sales have also continued to grow and Heatrae launched a new high pressure commercial central heating system earlier this year.

A higher level of profitability is indicated for 1983, allowing for reorganizational benefits, provided the current improved trading outlook persists.

MKR Holdings Limited (100%)

The group manufactures cooling and dispensing equipment, and furniture for use in the hotel, licensed premises, and catering trades. It also manufactures precision machined components for the aerospace industry.

Sales declined to £18.3 million from £19.5 million in 1981, mainly reflecting the disposal of the group's commercial heating and ventilation equipment interests to Heatrae-Sadia International. Trading profits before exceptional items fell marginally from £607,000 to £579,000, primarily because of the severe decline in aerospace component orders, partly offset by improvements in the main business of the group.

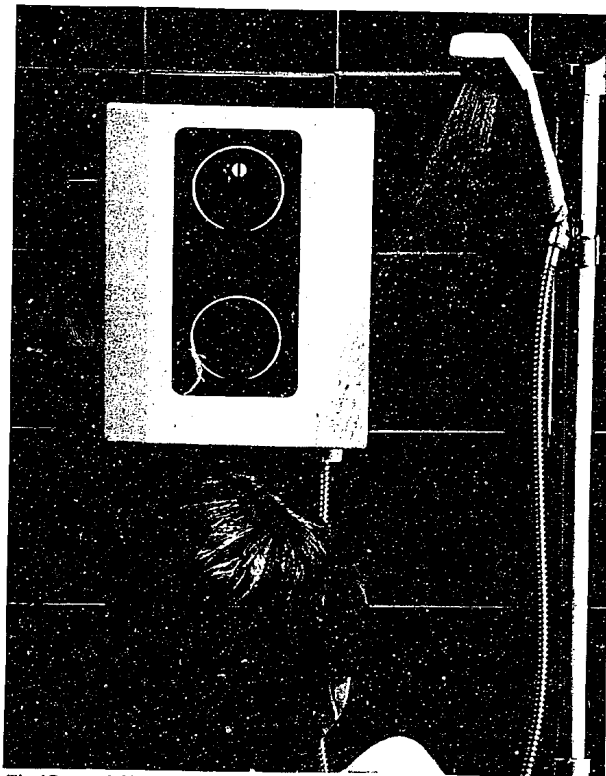
The outlook is, however, encouraging, as the group's businesses are responding to the changing market both by the introduction of new products and by the refinement of established product ranges. Order levels have begun to improve and, together with continuing efforts to contain both production costs and overheads, will lead to a rise in profitability.

Pandrol International Limited (100%)

The Pandrol group's main activities are the design and manufacture of railway track fastening systems and equipment, supplied internationally, and the provision of rail maintenance and ballast cleaning services in North America.

Group sales in 1982 were £26.6 million, including £5.6 million of exports from the United Kingdom, compared with £25.7 million in 1981. Group trading profits were depressed in 1982 at £2.9 million, compared with £3.9 million in 1981. Industrial action at British Rail and financial restraints world-wide resulted in reduced volumes, putting pressure on margins.

The 1982 capital expenditure programme which totalled £3.4 million included the construction of a new factory in Australia and



The 'Carousel Slimline', one of three new types of shower made by Heatrae-Sadia at their Norwich factory

a new rail maintenance train for Speno Rail Services incorporating computerized control features and substantially increased capacity. Continuing investment in testing and laboratory equipment for its research and development centre in the United Kingdom enables Pandrol to simulate conditions found in track and to subject fastening systems and assemblies to rigorous tests, thereby maintaining technical standards at a very high level.

Pandrol fastenings are manufactured in twelve countries, and further overseas production is envisaged.

Following a major improvement in the group's order book during the early part of the year, 1983 looks more promising.

Perard Torque Tension Limited (100%)

The company manufactures a range of mining equipment. This includes complete 'drill and load' systems for driving underground tunnels; chainless haulage and cable handling systems; hydraulic drilling equipment; and revenue products such as strata support systems and pressed steel railway sleepers and fastenings specially suited to mining conditions.

Despite the continuing constraint on capital expenditure by the major customer, the National Coal Board, and the adverse effect of the world-wide mining recession on exports, sales of drilling equipment increased and turnover rose from £9.4 million to £11.2 million. The reduction in trading profit from £529,000 in 1981 to £389,000 was a reflection of recessionary and competitive pressures.

Difficult trading conditions are likely to continue in 1983.

MINING

Alexander Shand (Holdings) Limited (100%)

The principal activities of the Alexander Shand group are open-



The RMS 1 rail grinding system of Speno Rail Services, part of Pandrol International, provides a highly specialized maintenance service for railway tracks in North America

cast coal mining, civil engineering, building, property development, quarrying, mechanical engineering, and the manufacturing of wood particle cement board.

Turnover in 1982 rose to £80.7 million, generating pre-tax trading profits of £3.2 million. The group undertook a major expansion during the year with capital investment in existing operations and acquisitions totalling some £26.1 million.

In the United States, the closure of the Fulton mine and restoration of the site in Indiana was completed. In December Shand Mining purchased B & LS Contracting, a surface coal mining company based in Bedford, Indiana, with strip mining operations in the southern part of the state where total production in 1982 was 1.4 million tonnes. This acquisition is a major step in

the company's development programme in the United States.

Contract coal mining for the National Coal Board continues to be Shand's most important and profitable single activity. Four large long term sites, three in Wales and one in the Midlands, provide the bulk of the activity. Total production in 1982 was 1.2 million tonnes, which is expected to rise to almost two million tonnes by 1984.

Against the background of continuing recession, Shand's civil engineering, building, and quarrying operations performed better than expected. The Saudi Arabian contractor, Al-Rasheed Shand, was particularly successful. In the United Kingdom, the group's coverage was extended into the home counties with the purchase, in December, of the Bedfordshire company Biggs Wall & Company.

An opencast coal mine operated by a new subsidiary of Alexander Shand in Indiana in the United States



This company is an established civil engineering concern and provides Shand with entry into a market with good growth potential, namely the repair and replacement of underground services.

The Cemboard operation in Malaysia began commercial production in September and every effort is now being concentrated on developing local and export markets for this new construction product in a climate which is currently depressed. Sales to date have been disappointing.

Beralt Tin and Wolfram Limited (75%)

The 80.6 per cent interest in Beralt Tin & Wolfram (Portugal) (BTWP) remains Beralt's principal mining asset, producing tungsten concentrates with tin and copper by-products from its mine at Panasqueira

in central Portugal. BTWP owns 80.5 per cent of Minas da Borralha, which is situated in the north of Portugal, and produces ferro-tungsten as an end-product from its output of wolframite and scheelite concentrates.

In 1982, concentrate production at Panasqueira was 1,849 (1981 - 1,808) tonnes of wolframite, 1,753 (2,131) tonnes of copper, and 156 (147) tonnes of tin. Output recovered from the effects of last year's strike, but production was consciously restrained in response to poor demand, a world surplus of tungsten, and hence low prices.

Production of wolframite and scheelite concentrates at Borralha totalled 267 (1981 - 355) tonnes. Ferro-tungsten produced at the smelter from these concentrates amounted to 211 tonnes (1981 - 244 tonnes). The future position of

Borralha is being examined in view of the reduced levels of output and lower metal prices.

The profit of Beralt before tax and minority interests decreased from £5.1 million in 1981 to £1.6 million as a result of low tungsten market price levels coupled with increasing costs.

The Metal Bulletin higher quotation for tungsten ore averaged US\$108 per metric tonne unit in 1982, a fall of 25 per cent from the previous year's average. In this market climate many tungsten mines have been forced to suspend operations, but Beralt has continued to benefit from its high quality product and its relatively low production costs.

South Crofty PLC (60%)

The South Crofty group's principal assets are the South Crofty and

Pendarves mines near Redruth, and Tehidy Minerals, a wholly owned subsidiary with freehold land and mineral rights in Cornwall. The tin concentrates produced by the mines are sold under contract to the Capper Pass smelter.

South Crofty's year end has been changed to coincide with the other Charter operating subsidiaries. In the nine months to 31 December 1982 total production of tin in concentrates was 1,160 tonnes, compared with 1,380 tonnes in the previous 12 months. The capital investment programme designed to increase ore production at South Crofty has almost been completed. Studies will now be undertaken with a view to increasing output further, but in the immediate future efforts will be concentrated on reducing costs, improving efficiency, and optimizing metallurgical recoveries.

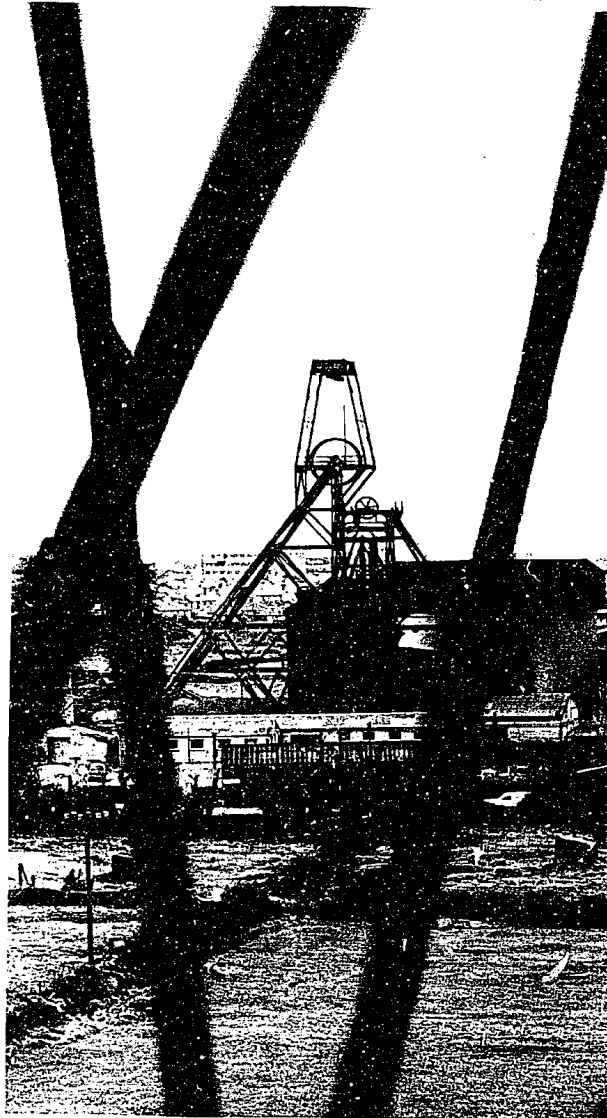
Trading profits before tax and interest in the four and a half month period to 31 December 1982 following Charter's acquisition were £314,000.

In January 1983 a rock fall caused considerable damage to Robinson's shaft. Fortunately there were no injuries, but it was necessary to lay off a large proportion of the underground workforce temporarily while the shaft damage was assessed and repairs carried out. There was a significant decrease in production for several weeks, but full underground working was resumed after the Easter break. There will be an inevitable period of readjustment and reorganization, but every effort will be made in the coming months to take advantage of the prevailing tin prices to offset the loss of production as a result of the shaft accident.

Cleveland Potash Limited
(50%)

The weak potash market which was reported in 1981 worsened during 1982 and caused stock levels at one stage to increase to 150,000 tonnes.

Cook's shaft at the South Crofty tin mine near Redruth, Cornwall



reducing to 80,000 tonnes by the year end. The high stocks and poor sales necessitated a lay-off during the early part of the year resulting in lower annual production of 401,000 tonnes of potash, compared with 466,000 tonnes in 1981. The poor trading conditions were offset to some extent by success in marketing the mine's by-product, salt, for road de-icing purposes and by handling coal and other materials at the company's terminal at Tees Dock.

The company incurred an operating loss before depreciation of £1.9 million in 1982. This deficit, together with capital expenditure of £0.6 million during the year, was financed by reduced working capital of £1.9 million and bank borrowings of £0.6 million.

The mine's improved production rate has continued and the United Kingdom potash market is slightly better. However, the world oversupply situation has not changed, and the results for 1983 will therefore depend on improved sales and prices in the United Kingdom.

Exploration

Mineral exploration work has been maintained in Spain and Cornwall. In Spain drilling and metallurgical testwork continue on the low-grade disseminated gold prospect at Salave, and preliminary evaluation has been carried out of the Barruecopardo tungsten mine which is held under option. Following the acquisition of South Crofty, exploration work in Cornwall is being concentrated, in partnership with RTZ, on possible extensions to the orebodies now being worked.

In the North Sea the first seventh round well, in block 12/27 in the inner Moray Firth, was completed in January 1983 with Burmah Oil as operator. Testing of one interval resulted in a restricted gas flow of 9.5 million cubic feet per day.

Since the end of the year the oil exploration subsidiary Charter Consolidated (U.K. Offshore Oil Explorations) has been sold to

Charterhouse Petroleum in exchange for shares in Charterhouse Petroleum. The former Charter subsidiary holds a 10 per cent interest in the seventh round blocks 12/27 and 22/2 (which carry outstanding drilling obligations) and an 8½ per cent interest in the fifth round blocks 14/16 and 14/17. Besides the initial consideration Charter will receive additional Charterhouse Petroleum shares upon development of a commercial discovery arising from the drilling obligations. Having regard to the present circumstances of North Sea exploration, your board believes this arrangement represents a much improved disposition of risk and potential reward.

INVESTMENT

Anglo American Corporation Zimbabwe Limited (AMZIM) (33.5%)

AMZIM's interests in Zimbabwe include coal and nickel mining, iron and steel production, ferrochrome and allied engineering industries, forestry and timber processing, sugar, general agriculture, grain milling, property, and banking.

The company reported profits after tax for the year ended 30 June 1982 of Z\$11.6 million, compared with Z\$10.4 million in the previous year. Dividends equivalent to 10 cents per share were declared, compared with 13.5 cents in 1981, but the final dividend of 6 cents has not received foreign exchange approval for remittance to foreign shareholders.

Income from investments was similar to that for the previous year, but interest received was higher and there was a surplus on the realization of certain investments.

Covenant Industries Limited (33.9%)

The company manufactures and formulates agricultural chemicals, paints, pharmaceuticals, and commercial explosives and also imports and markets chemicals and related

products in some African countries. The consolidated profit before tax for the year ended 30 September 1982 was £3.4 million, compared with £4.7 million in the previous year.

The profit of Chemical and Allied Products, the associated company trading in Nigeria, was similar to that of the previous year, and Twiga Chemical Industries, which trades in Kenya, increased its profit substantially. However, there were substantial reductions in the profits of Twiga Chemical Industries (Tanzania) and Dukon, the largest paints company in Zambia, compared with the previous year.

Johnson Matthey Public Limited Company (27.9%)

The Johnson Matthey group is a British based metals refining and industrial group with extensive interests in trading of precious metals, banking, chemicals, colours, and printing. The group's profit before tax for the year to 31 March 1983 was £38.0 million (1982 - £49.6 million). Earnings per share fell from 27.4p to 24.5p, although dividends declared for the year remained unchanged at 10p per share.

The results for the year reflect mixed fortunes from the different divisions. Johnson Matthey Bankers again reported excellent results, reflecting fluctuations in the bullion market at various times during the year. Commodity trading interests also reported improved profits.

The group experienced strong demand for automotive catalysts in Europe for car exports to America and Japan. In America, where car sales were down, the group continued to be a major supplier of automotive catalysts to General Motors and Ford.

Also in America a new gold and silver refinery and a new platinum and chemical complex were officially opened in early 1983. These are both expected to contribute to future profits, but results

from America were affected by the recession which caused demand to fall for jewellery, where the company is trying to establish a new business.

The metals division produced better results as the benefits of restructuring became evident. Unfortunately the colours division and the printing division were affected by the recession as demand remained low.

Malaysia Mining Corporation Berhad (MMC) (13.8%)

The production of the MMC group's mines in Malaysia and Thailand fell by about 11 per cent to a total of 16,269 tonnes of tin concentrate for the year ended 31 January 1983. The principal reason was the tin export restrictions imposed by the International Tin Council. Despite substantial cost saving measures, the combination of these restrictions and the low average tin price sharply reduced the MMC group's profit before tax to M\$53.7 million for the year to 31 January 1983, against M\$69.1 million for the previous seven month financial period.

Site development work has been started recently on the important Kuala Langat tin mining project situated about 25 miles south of Kuala Lumpur, in which MMC has a direct 30 per cent interest. Production is expected to commence in 1985.

In pursuance of a policy of selective diversification within mining related fields, MMC acquired during the year a 32.4 per cent interest in Bradken Malaysia Berhad, a steel foundry which is the principal supplier of steel castings to the Malaysian mining industry. Extensive prospecting work is being undertaken within Malaysia for base metals and gold to reduce the dependence of MMC's earnings on its traditional tin mining base.

MMC holds a majority interest in Ashton Mining which in turn has a 38.2 per cent share in the Argyle Diamond Mines joint venture in

Western Australia, from which the first diamond sales have now been made. When in full production, this mine will be a major source of supply to the world diamond industry.

Minerals and Resources Corporation Limited (MINORCO) (9.7%)

MINORCO is a Bermuda based natural resource investment group. Its principal interests are in companies engaged in mining, processing, and marketing base and precious metals, coal, and diamonds; marketing of raw materials; investment banking; industrial operations; the production of oil and gas; and the production and marketing of fertilizers and chemicals.

MINORCO's earnings from operations for the year to 30 June 1982, before group share of retained net earnings of associates, were US\$46.7 million (1981 - US\$28.2 million). The equity share of earnings of associated companies was US\$90.0 million (1981 - US\$158.7 million). Net earnings for the year, after equity earnings, minorities, and extraordinary items, amounted to US\$128.2 million (1981 - US\$171.8 million), from which unchanged total dividends of 22 cents per share were declared.

MINORCO holds 28 per cent of Phibro-Salomon which operates through its two autonomous subsidiaries, Philipp Brothers (a leading international marketing and trading organization) and Salomon Brothers (an international investment banking firm and leading dealer in fixed interest securities). Phibro-Salomon's net earnings for the 1982 calendar year amounted to US\$337 million (1981 - US\$289 million). Engelhard Corporation, in which MINORCO also holds 28 per cent, is engaged in the manufacture of precious metal products and speciality chemicals and in the refining of secondary materials containing precious metals. For 1982 Engelhard Corporation achieved earnings of US\$64.8 million (1981 - US\$71.6 million).

MINORCO holds 29 per cent of Consolidated Gold Fields, a United Kingdom based resources group whose interests include mining and construction materials. That company's net earnings for the year to 30 June 1982 were £72.9 million (1981 - £110.2 million). Profits were affected by lower gold and base metal prices and the impact of recession in the United States on the company's industrial activities there.

MINORCO's other major investments are an interest of 35.7 per cent in Charter Consolidated; 10 per cent in Anglo American Investment Trust; 44 per cent in Hudson Bay Mining & Smelting Co. (HUBBAY) and 50 per cent of Inspiration Resources Corporation (formerly Plateau Holdings) which is at present jointly owned with HUBBAY and has interests in coal and copper mining, oil and gas production and exploration, and fertilizers.

Shareholders' approval has been obtained to a reorganization of HUBBAY, the effect of which will be to combine the business of HUBBAY and its United States affiliate Inspiration Resources Corporation (Inspiration). Following the reorganization, which will become effective early in July 1983, Inspiration will, within a simplified corporate and management structure, own and operate HUBBAY (holding the present Canadian investments), Inspiration Consolidated Copper, Inspiration Coal, Terra Chemicals, and Trend International.

While its equity interest following the reorganization will be about 60 per cent of Inspiration, MINORCO has agreed to restrict its voting rights to below 50 per cent and to elect a minority of the board, and Inspiration will not therefore be a subsidiary.

Inspiration has announced its intention to raise additional equity finance and MINORCO has entered into a commitment to participate in such financings.

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

Tara's 75 per cent owned subsidiary Tara Mines owns and operates the largest zinc/lead mine in Europe at Navan in the Irish Republic. In 1982 1.5 million tonnes of ore were milled (1981 - 0.8 million tonnes), producing 277,051 tonnes of zinc concentrates (1981 - 175,680 tonnes) and 44,335 tonnes of lead concentrates (1981 - 27,555 tonnes). Tara made a profit of US\$0.7 million after tax but before extraordinary items, compared with a loss in 1981 of US\$10.0 million. The waiving of loan interest and commitment fees on certain shareholders' loans gave rise to extraordinary income of US\$3.2 million.

The results for the year to 31 December 1982 reflect the gradual resumption of production at Tara Mines from late February 1982 following the settlement of a seven month strike by craftsmen, but metal prices, particularly lead, remained weak. Scheduled debt repayments were made as due, but additional drawings of US\$12.5 million were made on the facility guaranteed by the major shareholders.

DIRECTORATE

A list of the directors of the company appears on page 1.

As reported last year, Mr J. O. Hambro, a director of the company since 1965, was appointed non-executive chairman on 22 June

1982. Sir Philip Oppenheimer, deputy chairman, retired from the board on 22 June 1982 and Mr J. N. Clarke was appointed deputy chairman on that date, retaining his position as chief executive. Also on 22 June 1982 Mr H. F. Oppenheimer retired, and Mr A. E. Oppenheimer and Mr N. F. Oppenheimer were appointed directors.

In accordance with the company's articles of association Mr P. C. D. Burnell and Mr A. T. B. Shand retire by rotation but offer themselves for reappointment. Mr J. E. H. Collins retires by rotation but does not wish to be reappointed.

ISSUED SHARE CAPITAL

On 7 September 1982 the directors granted to executive directors and senior employees options to subscribe for a total of 101,850 shares, exercisable between 7 September 1985 and 6 September 1989 at a price of 188p per share, under the company's share option scheme adopted in 1973.

During the year 9,000 partly paid shares issued under the company's share incentive scheme became fully paid and in consequence 3,963 fully paid shares subject to restricted rights became free of restriction. The issued capital at 31 March 1983 is shown in note 17 on the accounts on page 30.

Since the end of the year a further 25,200 partly paid shares have become fully paid and 11,098 fully paid shares subject to restricted rights have become free of restriction. The issued share capital

accordingly stands at £2,104,949 in 105,124,529 fully paid shares of 2p each, 130,700 partly paid shares of 2p each (1p paid), and 57,559 fully paid shares of 2p each subject to restricted rights.

GENERAL INFORMATION

The book value of the group's fixed assets in the historical cost accounts increased from £127.7 million to £206.5 million during the year. This increase was largely due to consolidation of the fixed assets of Anderson Strathclyde, South Crofty, and the new Alexander Shand subsidiary B & LS Contracting. Details are shown in note 11 on the accounts on page 28. Although no annual professional valuation of the group's land and buildings is carried out, an indication of their current market values is given in note 8 on the current cost accounts on page 35.

A list of principal subsidiary companies appears on pages 36 and 37 and an analysis of assets and income on pages 38 and 39. Other particulars which constitute part of this report are contained under the heading 'general information' on pages 41 and 42.

by order of the board
D. S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ
21 June 1983

Accounts

Charter Consolidated P.L.C. and its subsidiary companies

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Report of the auditors

to the members of Charter Consolidated P.L.C.

We have audited the accounts on pages 18 to 37 in accordance with approved Auditing Standards. The accounts on pages 18 to 32 and 36 to 37 have been prepared under the historical cost convention modified by the revaluation of certain assets, and the abridged supplementary accounts on pages 33 to 35 have been prepared under the current cost convention as described in Statement of Standard Accounting Practice no. 16.

In our opinion the accounts on pages 18 to 32 and 36 to 37 give a true and fair view of the state of affairs of the company and the group at 31 March 1983 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost accounts on pages 33 to 35 have been properly prepared, in accordance with the policies and methods described in notes 1 to 11, to give the information required by Statement of Standard Accounting Practice no. 16.

COOPERS & LYBRAND
Chartered Accountants
London, 4 July 1983

Accounting policies

1. Basis of consolidation	<p>(i) The accounts are prepared on the historical cost basis of accounting except for certain assets included at revaluation. Current cost accounts are prepared in accordance with Statement of Standard Accounting Practice no. 16 and are supplementary to the historical cost accounts.</p> <p>(ii) In order to facilitate administration, the financial years of Cape Industries PLC and its subsidiaries and those of the other group industrial and mining subsidiaries (apart from Anderson Strathclyde PLC whose year end is 31 March) terminate on 31 December. Details of these subsidiaries are shown on pages 36 and 37.</p> <p>(iii) The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from or to their effective dates of acquisition or disposal. The premium or discount between the purchase consideration and the fair value of net assets acquired is dealt with through reserves, while the difference between sale consideration and book value of net assets at the date of disposal is shown as an extraordinary item.</p> <p>(iv) These accounts have been prepared in compliance with section 152A of and schedule 8A to the Companies Act 1948.</p>
2. Foreign currencies	<p>Foreign currency assets and liabilities of United Kingdom companies and the accounts of overseas subsidiary and associated companies are translated into sterling at the rates of exchange ruling at the dates of their respective balance sheets.</p> <p>The differences arising from the translation of net equity interests in overseas subsidiary and associated companies and of foreign currency borrowings used to finance these interests are dealt with through reserves. All other exchange differences are dealt with in the profit and loss account.</p>
3. Income from investments	<p>(i) Income from investments, including where applicable the imputed tax credit, is accounted for on a received basis with the exception that income from associated companies and listed fixed interest stocks and bonds is accounted for on a receivable basis.</p> <p>(ii) No account is taken of investment income which is held in the country of origin pending approval for remittance from that country.</p>
4. Investments	<p>(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.</p> <p>(ii) Profits less losses arising on disposal of portfolio investments are included in the profit and loss account as surplus on realization of investments. Any profits and losses arising from the disposal of long term investments are dealt with as an extraordinary item in the profit and loss account.</p> <p>(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.</p>
5. Turnover	<p>Turnover is the invoiced value of sales and services of industrial and mining subsidiaries and excludes both transactions between group companies and sales turnover taxes.</p>
6. Capital expenditure grants	<p>Grants in respect of capital expenditure are credited to the 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 the profit and loss account.</p>
7. Depreciation	<p>Fixed assets are written off evenly over their expected useful lives, with the exception that no depreciation has been provided on non-mineral-bearing freehold land.</p> <p>Depreciation and amortization are normally provided as follows:</p> <p>Freehold buildings – 2 per cent per annum</p> <p>Leasehold property – the period of the lease or 2 per cent per annum for leases in excess of 50 years</p> <p>Plant, furniture, and fittings – 10 to 33 per cent per annum</p> <p>Mining properties, leases, and rights – either by equal instalments over their expected useful lives or on a depletion basis comparing production with total ore reserves, with a maximum period of 20 years.</p> <p>Depreciation on assets qualifying for capital expenditure grants is calculated on their full cost (see policy 6).</p>

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, including short term contract work, are valued at the lower of cost and net realizable value, while long term contract work in progress is valued at cost plus attributable profit. Both short and long term contract values are reduced by 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	(i) The development of existing mines: (a) General development expenditure is charged against operating profits. (b) Expenditure on development of long term infrastructure for future mining is capitalized as a fixed asset under mining properties, leases, and rights. (ii) General prospecting and exploration: (a) Expenditure during the initial stages of exploration is written off in full to the profit and loss account, with the exception that expenditure to acquire leases is amortized over the period of the lease. (b) Further expenditure on prospects showing development potential, including expenditure on drilling for oil, is carried forward as an asset in the balance sheet under the heading of exploration expenditure, pending the determination of commercial reserves. Should the exploration work be unsuccessful, such costs are written off as prospecting expenditure in the profit and loss account. (iii) The development of new mines or oil fields: When it is decided to develop a prospect into a mine or oil field, the relevant expenditure under (ii)(b) above is transferred to fixed assets or, in the case of minority holdings, to investments.
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 receivable from associated companies and the group share of retained profits less losses for the year are 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. (ii) The group share of retained profits less losses of associated companies is included in the book values of the investments in the consolidated balance sheet. 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.
13. Finance leases and leased plant and machinery	(i) Finance leases: Income receivable from finance leases is credited to the profit and loss account to give a constant periodic rate of return after taxation on the net cash investment. Assets under finance leases are stated in the balance sheet at the total rentals receivable less profit allocated to future periods. (ii) Leased plant and machinery: Where assets are financed under leasing agreements that give rights approximating to ownership (finance leases) the amount representing the outright purchase price of such assets (less government grants) is capitalized and the corresponding leasing commitments are shown as obligations to the lessor. The relevant assets are depreciated in accordance with the group's depreciation policy. Net finance charges, calculated on the reducing balance method, are included in interest costs. This revised accounting policy has been adopted for the 1983 accounts and the comparative figures have, where appropriate, been adjusted to reflect this change; such adjustments have no effect on prior year profits.

Consolidated profit and loss account

Year ended 31 March 1983

Charter Consolidated P.L.C. and its subsidiary companies

	Note	1983 £000	1982 £000
Revenue			
Operating profit of industrial and mining subsidiaries	1	14,767	13,490
Income from investments	2	17,718	22,611
Share of retained profits of associated companies	3	12,502	16,982
Surplus on realization of investments		9,252	11,552
Interest receivable	1	8,556	7,934
		<u>62,795</u>	<u>72,569</u>
Expenditure			
Administration and technical	1	5,781	5,035
Prospecting		1,821	968
Interest payable	4	7,487	7,339
		<u>15,089</u>	<u>13,342</u>
Profit before taxation		<u>47,706</u>	<u>59,227</u>
Taxation	8	11,023	19,502
Profit after taxation before extraordinary items		<u>36,683</u>	<u>39,725</u>
<i>Deduct:</i>			
Interest of outside shareholders in profits of subsidiaries		1,738	2,000
Profit sharing scheme		54	98
		<u>1,792</u>	<u>2,098</u>
Profit attributable to Charter		<u>34,891</u>	<u>37,627</u>
Earnings per share 33.2p (1982 - 35.8p)	6		
Dividends paid and proposed	7	11,560	11,558
		<u>23,331</u>	<u>26,069</u>
Extraordinary items	9	(2,343)	(5,568)
Retained profit transferred to reserves	19	<u>20,988</u>	<u>20,501</u>
Profit for the year after extraordinary items totalled £32,548,000 (1982 - £32,059,000)			

See note 21 on page 32 for basis of consolidation of Anderson Strathclyde PLC

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.

Consolidated balance sheet

31 March 1983
Charter Consolidated P.L.C. and its subsidiary companies

	Note	1983		1982	
		£000	£000	£000	£000
Fixed assets	11		206,494		127,660
Exploration expenditure			266		312
Investments	10		169,545		186,206
Market or directors' valuation £405,751,000 (1982 - £313,588,000)					
Assets under finance leases to third parties			14,903		13,484
Current assets					
Stocks and work in progress	12	169,655		82,413	
Debtors	13	122,824		83,772	
Short term loans and deposits		66,938		36,287	
Bank and cash balances		6,717		3,511	
			<u>366,134</u>		<u>205,983</u>
Current liabilities					
Creditors	14	156,694		94,416	
Taxation		25,072		22,772	
Associated companies' and other deposit accounts	14	19,487		8,154	
Short term borrowings	15	58,218		18,153	
Proposed final dividend		7,619		7,618	
			<u>267,090</u>		<u>151,113</u>
Net current assets				<u>99,044</u>	<u>54,870</u>
			<u>490,252</u>		<u>382,532</u>
Financed by:					
Share capital	17		2,105		2,105
Share premium account	18		12,368		12,351
Reserves	19		294,669		305,287
Total capital and reserves			<u>309,142</u>		<u>319,743</u>
Capital expenditure grants			6,913		3,641
Interest of outside shareholders in subsidiaries	21		85,163		30,172
Long term indebtedness	20		86,123		26,251
Deferred taxation	8		2,911		2,725
			<u>490,252</u>		<u>382,532</u>

Approved by the board of directors on 21 June 1983

J. N. CLARKE }
F. J. A. HOWARD } DIRECTORS

See note 21 on page 32 for basis of consolidation of Anderson Strathclyde PLC

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.

Balance sheet

31 March 1983
Charter Consolidated P.L.C.

	Note	1983		1982	
		£000	£000	£000	£000
Subsidiary companies					
Shares at cost or valuation		93,779		93,779	
<i>Deduct:</i>					
Amounts due to subsidiaries		<u>79,053</u>		<u>79,682</u>	
			14,726		14,097
Current assets					
Bank balances		2		4	
Taxation		<u>164</u>		<u>—</u>	
			166		4
Deferred asset					
Advance corporation tax	8		<u>3,265</u>		<u>3,265</u>
			<u>18,157</u>		<u>17,366</u>
Financed by:					
Share capital	17		2,105		2,105
Share premium account	18		385		368
Reserves	19		<u>6,253</u>		<u>4,400</u>
Total capital and reserves			8,743		6,873
Current liabilities					
Creditors		85		82	
Taxation		—		1,083	
Deposit account		1,710		1,710	
Proposed final dividend		<u>7,619</u>		<u>7,618</u>	
			9,414		10,493
			<u>18,157</u>		<u>17,366</u>

Approved by the board of directors on 21 June 1983

J. N. CLARKE
F. J. A. HOWARD } DIRECTORS

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts.

Source and application of funds

Year ended 31 March 1983
Charter Consolidated P.L.C. and its subsidiary companies

	Note	1983		1982	
		£000	£000	£000	£000
OPERATING CASH FLOW					
Profit before interest payable and taxation			55,193		66,566
Share of retained profits of associated companies			(12,502)		(16,982)
Timing differences on dividend income from associated companies			—		2,889
Provisions for portfolio investments			2,840		32
Operating cash flow from revenue sources			45,531		52,505
Funds applied to maintenance of operations:					
Increase in working capital	23(i)	(6,300)		(13,603)	
Fixed assets					
Purchases for normal replacements and enhancements less capital expenditure grants		(26,242)		(31,475)	
Book value of disposals		4,447		2,713	
Depreciation		16,972		13,886	
		(4,823)	(11,123)	(14,876)	(28,479)
Operating cash flow			34,408		24,026
Taxation paid		(7,626)		(23,369)	
Interest payable		(7,487)		(7,339)	
Dividends paid		(11,559)	(26,672)	(10,868)	(41,576)
Cash flow after taxation and service of capital			7,736		(17,550)
Extraordinary items before taxation, less provisions, and other items			(9,071)		(916)
Net cash flow for the year			(1,335)		(18,466)
FUNDS APPLIED FOR NEW BUSINESS					
Purchase of subsidiaries	23(ii)	(47,248)		(7,971)	
Increase in assets under finance leases		(1,419)		(13,206)	
<i>Deduct:</i> Net realizations of investments	23(iii)	(48,667)	(34,531)	(21,177)	(13,182)
		14,136		7,995	
Overall cash utilization			(35,866)		(31,648)
FINANCED AS FOLLOWS					
Decrease in liquid funds	23(iv)		(26,812)		(25,710)
Increase in long term indebtedness			(9,054)		(5,938)
			(35,866)		(31,648)

The accounting policies on pages 18 and 19 and the notes on pages 24 to 32 form part of these accounts. Notes on the source and application of funds are in note 23 on page 32.

Notes on the accounts

1. Operating profit of industrial and mining subsidiaries, interest receivable, and administration and technical expenditure	1983 £000	1982 £000
(i) Industrial and mining subsidiaries:		
Turnover	409,279	356,939
Operating profit is stated after charging exceptional rationalization costs comprising redundancy and other related costs in continuing activities	1,897	—
(ii) Expenses charged:		
Auditors' remuneration	698	629
Directors' emoluments (see note 5)	439	317
Depreciation of fixed assets (see note 11)	16,041	13,797
Hire of plant and equipment	7,415	5,103
Credits:		
Capital expenditure grants	532	524
Rents receivable	1,038	706
(iii) Interest receivable:		
Includes income from finance leases	2,010	92
(iv) Administration and technical expenditure:		
Expenditure	11,777	11,837
Deduct: Recovered from companies outside the group	5,996	6,302
	5,781	5,035
2. Income from investments	1983 £000	1982 £000
(i) Associated companies	7,458	9,276
Other investments	10,260	13,335
	17,718	22,611
(ii) Arising from:		
Listed investments	16,699	18,101
Unlisted investments	1,019	4,510
	17,718	22,611
(iii) Includes franked investment income	8,858	10,135
3. Associated companies	1983 £000	1982 £000
Principal associated companies are listed on pages 36 and 37.		
Group share of retained profits of associated companies:		
Share of profits before taxation	18,156	23,547
Deduct: Dividends declared from these profits	5,654	6,565
Group share of retained profits before taxation	12,502	16,982
Taxation (see note 8)	(3,345)	(6,034)
	9,157	10,948
Extraordinary items (see note 9)	2,648	77
	11,805	11,025
NOTE		
Anderson Strathclyde has been accounted for as an associated company in the results for the full year to 31 March 1983 (see note 21).		

4. Interest payable on borrowings by the group	1983 £000	1982 £000
Loans repayable after more than five years	1,046	843
Loans repayable within five years	493	214
Amounts deposited with the group	493	620
Bank loans and overdrafts	5,390	5,662
Finance leases	65	—
	<u>7,487</u>	<u>7,339</u>

5. Directors' emoluments	1983 £000	1982 £000
Directors of the parent company:		
Fees	45	36
Salaries and other remuneration, including pension contributions	424	368
Pension payable to the widow of a former director	3	3
	<u>472</u>	<u>407</u>
<i>Deduct: Fees received from other companies and refunded to the group</i>	33	90
Net cost to the group	<u>439</u>	<u>317</u>
Amounts paid to directors:		
Chairman	£11,620	£18,750
Highest paid director	£78,703	£59,145
Others: £50,001-£55,000	3	—
£45,001-£50,000	2	3
£40,001-£45,000	—	1
£30,001-£35,000	—	1
£5,001-£10,000	—	1
up to £5,000	11	10

NOTES

(i) Seven directors have agreed to waive emoluments due to them from Charter Consolidated P.L.C. and its subsidiary companies. Fees waived by these directors during the year amounted to £39,000 (1982: nine directors - £35,000).

(ii) The emoluments above include £354 representing nominal valuation by the board of share options granted to directors.

6. Earnings per share	
Earnings per share attributable to Charter is calculated on earnings of £34,891,000 (1982 - £37,627,000) and on 105,088,231 shares (1982 - 105,076,268 shares) as if the 9,000 partly paid shares which became fully paid during the year had been fully paid for the whole year and the 3,963 shares subject to restricted rights which ceased to be restricted during the year had been free of restriction for the whole year.	

7. Dividends paid and proposed	1983 £000	1982 £000
Interim dividend of 3.75p per share (1982 - 3.75p) paid on 6 January 1983	3,941	3,940
Proposed final dividend of 7.25p per share (1982 - 7.25p) payable on or about 11 August 1983	7,619	7,618
	<u>11,560</u>	<u>11,558</u>

8. Taxation

	1983	1982
	£000	£000
(1) Charge in consolidated profit and loss account		
GROUP COMPANIES on profit for the year		
United Kingdom:		
Corporation tax at 52 per cent	3,349	2,849
Deferred taxation	2,057	9,261
Double taxation relief	(2,021)	(4,098)
Advance corporation tax written off by subsidiary	239	307
Taxation at 30 per cent on franked investment income	2,657	3,040
	<hr/>	<hr/>
Overseas:	6,281	11,359
Taxation	2,289	2,792
Deferred taxation	235	85
	<hr/>	<hr/>
Adjustments in respect of previous years	8,805	14,236
ASSOCIATED COMPANIES (see note 3)	(1,127)	(768)
	3,345	6,034
	<hr/>	<hr/>
	11,023	19,502

NOTES

- (i) The taxation charge for the year excludes £4,800,000 (1982 - £8,500,000) not expected to be payable in the foreseeable future resulting from accelerated capital allowances, stock appreciation relief, and other timing differences.
- (ii) The accounts of an associated company refer to a contingent tax liability in respect of stock relief claims disputed by the Inland Revenue but for which leading counsel state that the company has a strong case. Charter's post-acquisition share of these claims would be of the order of £3.4 million.

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

	1983		1982	
	PROVISION MADE £000	FULL POTENTIAL LIABILITY £000	PROVISION MADE £000	FULL POTENTIAL LIABILITY £000
Excess of the book value of assets including finance leases qualifying for taxation allowances over their written down value for taxation purposes	6,667	51,519	7,907	38,467
Difference between book and taxation value of investments (see note (ii) below)	(2,557)	(13,092)	(3,534)	(13,912)
Taxation on trading losses of industrial subsidiaries, carried forward (see note (iii) below)	(59)	(16,766)	—	(11,370)
Other timing differences	2,125	1,087	1,617	2,032
Advance corporation tax (see note (iv) below)	(3,265)	(8,967)	(3,265)	(8,047)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,911	13,781	2,725	7,470

NOTES

- (i) No account has been taken of potential or deferred taxation relief on provisions of £5,490,000 raised in 1980 in respect of Cleveland Potash Limited for certain guarantees and Charter's maximum liability for closure costs.
- (ii) The amount of £2,557,000 (1982 - £3,534,000) included in respect of the difference between book and taxation value of investments relates mainly to the profits arising on certain inter-group transactions, eliminated on consolidation, and deferred until such time as the profits are realized outside the group.
- (iii) Trading losses of industrial subsidiaries include £11,400,000 relating to Cape Industries PLC in respect of stock relief claimed under the Finance Act 1981 which will not be available unless utilized within six years from the year granted.
- (iv) Advance corporation tax recoverable includes £3,265,000 (1982 - £3,265,000) shown as a deferred asset in the parent company's balance sheet.

9. Extraordinary items	1983 £000	1982 £000
Surplus on disposal of long term investments net of taxation of £80,000 (1982 - £37,000)	79	30
Cape Industries PLC: Closure costs and associated losses (see note (i) below)	(6,602)	(6,716)
Botswana RST Limited/BCL Limited: Provision against investment and guarantee liabilities	(733)	(109)
Alexander Shand group: Provision for mine closure costs	—	(1,187)
Sundry	105	132
Associated companies (see note (ii) below)	2,648	77
	(4,503)	(7,773)
Interest of outside shareholders	2,160	2,205
	(2,343)	(5,568)

NOTES

- (i) No account has been taken of the potential future benefit of taxation losses of £3,362,000 (1982 - £3,312,000) arising from rationalization and closure costs and losses relating to Cape Industries PLC.
- (ii) Associated companies' extraordinary items mainly comprise Charter's share of the surplus on the disposal of long term investments of these companies.

10. Investments

	AT COST OR VALUATION		AT MARKET VALUE OR DIRECTORS' VALUATION	
	1983 £000	1982 £000	1983 £000	1982 £000
ASSOCIATED COMPANIES				
Share of net assets	101,822	103,823		
Discount (net) on acquisitions	(24,366)	(24,230)		
	77,456	79,593		
Listed in Great Britain	67,893	74,219	121,320	109,547
Listed outside Great Britain	356	245	393	298
Unlisted	68,249	74,464	121,713	109,845
	9,207	5,129	12,328	7,872
	77,456	79,593	134,041	117,717
OTHER INVESTMENTS				
Listed in Great Britain	67,793	93,441	242,493	180,489
Listed outside Great Britain	16,691	4,434	20,049	4,561
Unlisted	84,484	97,875	262,542	185,050
	7,605	8,738	9,168	10,821
	92,089	106,613	271,710	195,871
TOTAL INVESTMENTS				
Listed in Great Britain	135,686	167,660	363,813	290,036
Listed outside Great Britain	17,047	4,679	20,442	4,859
Unlisted	152,733	172,339	384,255	294,895
	16,812	13,867	21,496	18,693
	169,545	136,206	405,751	313,588

NOTES

- (i) United Kingdom government securities held at 31 March 1982 at cost of £30.0 million were disposed of in the year to 31 March 1983.
- (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 £78 million.

11. Fixed assets

	FREEHOLD PROPERTY £000	LONG LEASEHOLD PROPERTY £000	SHORT LEASEHOLD PROPERTY £000	MINING PROPERTIES AND RIGHTS £000	PLANT FURNITURE AND FITTINGS £000	TOTAL £000
COST OR VALUATION						
At 31 March 1982	45,286	5,159	2,338	—	131,774	184,557
Adjustment on change in accounting policy 13(ii)	—	—	—	—	8,271	8,271
	45,286	5,159	2,338	—	140,045	192,828
Currency realignment	(240)	226	27	(77)	550	486
Additions at cost	1,513	571	72	1,275	22,447	25,878
Acquisition of subsidiaries	23,145	—	182	25,377	53,288	101,992
Disposals	(1,904)	(47)	(255)	(44)	(7,930)	(10,180)
Revaluations and reallocations	537	2	(69)	497	1,929	2,896
At 31 March 1983	68,337	5,911	2,295	27,028	210,329	313,900
DEPRECIATION						
At 31 March 1982	6,254	577	649	—	56,840	64,320
Adjustment on change in accounting policy 13(ii)	—	—	—	—	848	848
	6,254	577	649	—	57,688	65,168
Currency realignment	(154)	1	5	(22)	(492)	(662)
Charge to profit and loss account	901	84	98	484	14,474	16,041
Charge to extraordinary items	136	—	148	—	647	931
Acquisition of subsidiaries	4,325	—	—	2,320	23,956	30,601
Disposals	(144)	(3)	(141)	(27)	(5,418)	(5,733)
Revaluations and reallocations	316	(3)	(8)	149	606	1,060
At 31 March 1983	11,634	656	751	2,904	91,461	107,406
NET BOOK AMOUNTS						
At 31 March 1983	56,703	5,255	1,544	24,124	118,868	206,494
At 31 March 1982	39,032	4,582	1,689	—	82,357	127,660

NOTES

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

	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973
At cost	45,082	4,789	1,575	26,963	201,170	279,579	—	—	—	—
At valuation - 1964	151	—	—	—	482	633	—	—	—	—
1974	4,685	779	—	—	168	5,632	—	—	—	—
1975	12,901	310	720	—	—	13,931	—	—	—	—
1976	871	33	—	—	7	911	—	—	—	—
1978	1,150	—	—	—	—	1,150	—	—	—	—
1979	865	—	—	—	—	865	—	—	—	—
1981	—	—	—	—	26	26	—	—	—	—
1982	2,632	—	—	65	8,476	11,173	—	—	—	—
	68,337	5,911	2,295	27,028	210,329	313,900	—	—	—	—

The fixed assets at valuation in 1982 relate to Beral Tin and Wolfram Limited's Portuguese subsidiaries. The valuation is in accordance with a Portuguese decree and is based on official indices.

(ii) Capital expenditure of subsidiaries:

	1983 £000	1982 £000
Committed	6,490	6,226
Authorized but not committed	4,299	5,935
	10,789	12,161

12. Stocks and work in progress

	1983 £000	1982 £000
Contract work in progress	220,773	199,337
Deduct: Progress payments received and receivable	191,588	163,886
	29,185	15,451
Raw materials, components, and consumable stores	83,395	21,646
Work in progress	25,435	10,975
Finished goods including mineral concentrates	31,640	34,341
	169,655	82,413

13. Debtors	Debtors include loans to ten officers totalling £5,347 at 31 March 1983 (1982: four officers - £65,000).		
14. Creditors and deposit accounts	Creditors include £6,265,000 (1982 - £5,006,000) in respect of payments received and receivable in advance for contract work in progress of Cape Industries PLC, and £8,461,000 (1982 - £8,402,000) in respect of provisions for closure costs and guarantees. Deposit accounts include £4,205,000 (1982 - £1,567,000) deposited by associated companies.		
15. Short term borrowings		1983	1982
	Bank loans and overdrafts	£000	£000
	Obligations under finance leases	56,393	16,632
		1,825	1,521
		<u>58,218</u>	<u>18,153</u>
	NOTE: Bank loans and overdrafts include £883,000 (1982 - £1,696,000) which is secured.		

16. Contingent liabilities and outstanding commitments		1983	1982
	Guarantees in respect of borrowings by third parties and other obligations of £9,573,000 less counter-guarantees of £843,000	£000	£000
	Bills receivable discounted	8,730	6,687
	Commitments to purchase metal	949	636
	Other items	—	1,52
		<u>1,414</u>	<u>527</u>
		<u>11,093</u>	<u>9,002</u>

In addition the group has contingent liabilities entered into in the normal course of business from which no liability is expected to arise.

The parent company has given guarantees totalling £42,076,000 (1982 - £8,400,000), including £33,110,000 (1982 - £370,000) relating to subsidiary companies' borrowings.

NOTES

- (i) The purchase price paid in April 1981 of £24.8 million for the Alexander Shand (Holdings) Limited group is subject to adjustment upwards or downwards by amounts not exceeding £3.6 million and £2.7 million respectively, dependent on the level of Alexander Shand's opencast coal production in the United Kingdom over the period 1981/85.
- (ii) Certain companies in the Cape Industries PLC (Cape) group continue to be named, along with other asbestos fibre and asbestos product suppliers, as defendants in a significant number of legal actions in the United States claiming substantial damages as a result of the use of their products. Charter, which owns 67.3 per cent of Cape, has also been named as a defendant in a number of such actions. Ancillary to certain of the actions against it, complaint has been made that Cape has breached its duties allegedly owed to American insurance companies which involved an American subsidiary of that company. The Cape group has retained obligations in respect of claims made or which may be made within a limited period against companies disposed of within its former mining division. Cape has received legal advice that default judgements, in certain of which plaintiffs have been granted damages totalling approximately US\$57 million, and any other judgements obtained in the United States in such actions against Cape group companies will not be enforceable in the United Kingdom. Charter has been advised that attempts to enforce these judgements against Cape in the United States have been unsuccessful. The directors believe, in the light of legal advice received, that the outcome of all the actions against Cape and Charter and the obligations retained by Cape are unlikely to have any material effect on Charter's financial position, and accordingly no provision in respect of them has been made.

17. Share capital

	31 March 1983		31 March 1982	
	Shares of 2p each	£	Shares of 2p each	£
Authorized:	135,000,000	2,700,000	135,000,000	2,700,000
Issued:				
Fully paid shares	105,088,231	2,101,765	105,075,268	2,101,505
Partly paid shares (1p paid) (see note (i) below)	155,900	1,559	164,900	1,649
Fully paid shares with restricted rights (see note (ii) below)	68,657	1,373	72,620	1,452
Total issued share capital		2,104,697		2,104,606

NOTES

- (i) The partly paid shares were issued under the company's share incentive scheme adopted in 1970. No further shares will be issued under that scheme.
- (ii) The fully paid shares with restricted rights were allotted to the holders of the company's partly paid shares in terms of a scheme of arrangement of 22 October 1979 and 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. During the year 9,000 partly paid shares were fully paid up and as a result 3,963 fully paid shares with restricted rights became free of restriction (see report of the directors).
- (iii) On 7 September 1982 options to subscribe for a total of 101,850 shares, exercisable between 7 September 1985 and 6 September 1989 at a price of 188p per share, were granted to executive directors and senior employees under the share option scheme adopted in 1973. No further options can be granted under that scheme, but shareholders are being asked to approve a new scheme to operate for the next ten years. The total number of shares over which there are options outstanding is 185,545.

18. Share premium account

	GROUP £000	COMPANY £000
Balances at 31 March 1982	12,351	368
Premium on shares issued by the company	17	17
Balances at 31 March 1983	12,368	385

19. Reserves

	GROUP £000	COMPANY £000	SUBSIDIARY COMPANIES £000	ASSOCIATED COMPANIES £000
Reserves at 31 March 1982	305,287	4,400	289,203	11,684
Retained profit for the year	20,988	1,853	7,330	11,805
Net effect of translation of currencies	6,750	—	1,487	5,263
Revaluation of overseas subsidiaries' fixed assets	1,346	—	1,346	—
Premium on purchase of shares in subsidiary companies	(34,528)	—	(34,528)	—
Goodwill written off in the accounts of associated companies	(3,707)	—	—	(3,707)
Transfers on associated companies becoming subsidiaries	—	—	3,103	(3,103)
Associated companies restated to net assets basis	(1,169)	—	—	(1,169)
Other items	(298)	—	(709)	411
Reserves at 31 March 1983	294,669	6,253	267,232	21,184

NOTE

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

20. Long term indebtedness

	1983 £000	1982 £000
Financial subsidiaries:		
Debtenture stocks repayable in 1983	—	1,000
7½ per cent guaranteed bonds of FF47,470,000 (see note (ii) below)	4,399	4,343
Industrial and mining subsidiaries:		
7½ per cent debtenture stock 1986/89	2,000	2,000
6½ per cent debtenture stock 1986/89	600	600
7½ per cent unsecured loan stock 1986/91	3,459	3,459
Malaysian Industrial Development Fund loan (secured) 1983/88	3,843	2,831
Loan stock and notes of the Anderson Strathclyde group acquired on 25 March 1983 (see note (iv) below)	23,457	—
	37,758	14,233
Bank loans (secured) (see notes (i) and (iii) below)	5,762	1,365
Bank loans (unsecured) (see notes (i), (iii), and (iv) below)	34,135	6,001
Obligations under finance leases (see note (i) below)	6,968	4,652
Loan from associated company (repayable in sterling between one and two years)	1,500	—
	86,123	26,251

NOTES

(i) Repayments are due as follows:	BANK LOANS £000	OTHER BORROWINGS £000	FINANCE LEASES £000	TOTAL £000
Between one and two years	3,033	4,269	1,706	9,007
Between two and five years	16,631	13,932	4,056	34,619
Over five years	20,233	21,058	1,206	42,497
	39,897	39,258	6,968	86,123

(ii) The FF47,470,000 7½ per cent guaranteed bonds 1987 are listed on The Stock Exchange in London. Charter Consolidated P.L.C. 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:	1983 £000	1982 £000
Sterling	10,366	—
Belgian francs	3,343	3,396
Swedish kronor	1,613	1,585
US dollars	23,392	569
French francs	465	823
Other	778	993
	39,897	7,366

(iv) Anderson Strathclyde PLC group:	1983 £000
8 per cent unsecured loan stock 1986/91	2,403
Unsecured loan 1984/90	1,267
12½ per cent promissory notes 1986/95	8,108
8.5 per cent promissory notes 1984/95	6,588
7.57 per cent promissory notes 1984	271
6 per cent industrial revenue bonds 1988	1,267
Revolving credit term notes, convertible to term notes repayable by June 1988	2,365
Mortgage notes 1983	1,188
	23,457
Bank loans (unsecured)	22,740
	46,197

21. Consolidation of Anderson Strathclyde PLC (Anderson)

Anderson was an associated company during the year until 25 March 1983 when Charter's offer to acquire the whole of Anderson's share capital became unconditional. At the balance sheet date Charter held 63.9 per cent of Anderson's issued share capital. In these accounts 28.4 per cent of Anderson's results have been accounted for as associated company earnings (see notes 2 and 3), and for balance sheet purposes Anderson has been consolidated as a 63.9 per cent subsidiary.

The total premium of £32.0 million between the purchase consideration for Anderson's shares acquired and to be acquired and the fair value of net assets at 25 March 1983 has been written off to reserves. The interest of outside shareholders in subsidiaries in the consolidated balance sheet on page 21 includes £34.9 million representing the consideration payable by Charter for the balance of 36.1 per cent of Anderson's shares to be acquired after 31 March 1983.

22. The Rio Tinto-Zinc Corporation PLC

Charter disposed of its remaining 3.6 per cent equity interest in The Rio Tinto-Zinc Corporation on 18 April 1983, the effect of which will be included in the accounts for the year ending 31 March 1984. The net proceeds after provision for taxation from this disposal and from disposals earlier in 1983 will not be less than £38.6 million.

23. Source and application of funds

	1983 £000	1982 £000
(i) Analysis of working capital:		
Increase in stocks and work in progress	(4,091)	(10,010)
Increase in debtors	(6,241)	2,348
Increase in creditors	4,032	(5,941)
	<u>(6,300)</u>	<u>(13,603)</u>
(ii) Net assets on acquisition of subsidiaries:		
Fixed assets	71,391	24,626
Goodwill	34,084	4,399
Stocks and work in progress	83,161	17,206
Debtors	35,656	10,200
Creditors	(44,655)	(12,213)
Taxation	(2,591)	(3,954)
Capital expenditure grants	(3,636)	(218)
Liquid funds	9,271	9,594
Interest of outside shareholders	(22,059)	(6,666)
Long term indebtedness	(50,669)	—
Investments	156	860
Other items	136	—
	<u>110,235</u>	<u>43,834</u>
<i>Deduct:</i>		
Investments acquired in previous years, consolidated on becoming subsidiaries	(11,620)	(35,863)
Acceptances of Anderson Strathclyde offer prior to 31 March 1983 included as creditors	(16,429)	—
Cost of acquiring the balance of Anderson Strathclyde included in interest of outside shareholders	(34,938)	—
	<u>(62,987)</u>	<u>(35,863)</u>
Purchase of subsidiaries	<u>47,248</u>	<u>7,971</u>
(iii) Investments:		
Long term – purchases	(974)	(1,457)
– book value of realizations	98	87
	<u>(876)</u>	<u>(1,370)</u>
Portfolio – net realizations at book value	<u>15,012</u>	<u>9,365</u>
	<u>14,136</u>	<u>7,995</u>
(iv) Decrease in liquid funds:		
Increase in short term loans, deposits, and cash	20,663	(35,016)
Increase in associated companies' and other deposits	(11,333)	2,446
Increase in bank loans and overdrafts	(36,142)	6,860
	<u>(26,812)</u>	<u>(25,710)</u>

Consolidated current cost accounts

Charter Consolidated P.L.C. and its subsidiary companies

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 1983

	Note	1983		1982	
		£ million	£ million	£ million	£ million
Profit before interest and taxation on a historical cost basis			46.7		58.6
<i>Deduct:</i> Current cost operating adjustments relating to:					
Operating profit of industrial and mining subsidiaries	3	14.5		11.9	
Share of retained profit of associated companies	9	3.7		5.2	
Surplus on realization of investments	6	1.1		2.4	
Administration and technical expenditure	4	0.7		0.9	
			20.0		20.4
Current cost operating profit			26.7		38.2
Interest receivable (net)					
<i>Deduct:</i> Leasing adjustment	6	1.1		0.6	
		0.6			
Gearing adjustment	7		0.5		0.6
			2.3		2.0
Current cost profit before taxation			29.5		40.8
Taxation			11.0		19.5
Interest of outside shareholders in profits of subsidiaries			18.5		21.3
Current cost profit attributable to Charter			0.2		0.2
Earnings per share 17.8p (1982 - 20.1p)			18.7		21.1
Dividends paid and proposed			11.6		11.5
Extraordinary items:			7.1		9.6
As shown in the historical cost accounts					
Current cost adjustment		(2.4)		(5.6)	
		(0.5)		(0.2)	
Retained current cost profit transferred to reserves			(2.9)		(5.8)
			4.2		3.8

CONSOLIDATED BALANCE SHEET

31 March 1983

	Note	1983		1982	
		£ million	£ million	£ million	£ million
Fixed assets	8		289.3		191.0
Exploration expenditure			0.3		0.3
Investments	10		405.7		313.6
Assets under finance leases to third parties	6		14.9		13.5
Net current assets					
Stocks and work in progress				83.9	
Creditors less debtors	5	177.5		(10.8)	
Liquid funds (net)		(33.9)		13.5	
Taxation		(4.0)		(22.8)	
Proposed final dividend		(25.1)		(7.6)	
			106.9		56.2
Financed by:			817.1		574.6
Share capital and share premium					
Reserves	11	14.4		14.4	
		595.8		485.0	
Capital expenditure grants			610.2		499.4
Interest of outside shareholders in subsidiaries			7.5		3.2
Long term indebtedness			110.4		43.1
Deferred taxation			86.1		26.2
			2.9		2.7
			817.1		574.6

The accounting policies on pages 18 and 19 and the notes on pages 34 and 35 form part of these accounts.

Notes on the current cost accounts

Introduction	<p>Current cost accounts according to Statement of Standard Accounting Practice (SSAP) no. 16 attempt to make full allowance for inflation specific to the business by taking account of the need to replace working capital and fixed assets at inflated prices, thereby reducing historical cost profits to the amount which could be distributed without undermining the capital base.</p> <p>Current cost accounts as prepared are appropriate to Charter's industrial and commercial business. However, SSAP 16 is not in its present form appropriate to the long term investment business, which forms an important part of Charter's assets, because the concept of specific price increases as a result of inflation is alien to investment values reflecting diverse market factors. In addition, the full application of SSAP 16 to the mining business is questionable due to the difficulty of assessing the capital and operating costs of a replacement mine which in practice will depend on the nature and location of the orebody.</p> <p>Clearly, current cost accounts must still be looked upon as experimental and presenting little more than an alternative view for a group such as Charter with its major investment and mining interests.</p>															
1. Policies	<p>The current cost accounts have been prepared in accordance with Statement of Standard Accounting Practice no. 16. The accounting policies adopted in the historical cost accounts set out on pages 18 and 19 have also been adopted in the current cost accounts except where indicated below.</p> <p>In general, appropriate indices have been used to value assets and for averaging calculations made to assess the cost of sales and monetary working capital adjustments.</p>															
2. Comparative figures	<p>Corresponding amounts for 1982 have been adjusted to reflect the changes in the historical cost figures but have not been restated to reflect subsequent changes in purchasing power.</p>															
3. Operating profit of industrial and mining subsidiaries	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">1983 £ million</th> <th style="text-align: right;">1982 £ million</th> </tr> </thead> <tbody> <tr> <td>Cost of sales adjustment (see note 5)</td> <td style="text-align: right;">3.5</td> <td style="text-align: right;">4.1</td> </tr> <tr> <td>Monetary working capital adjustment (see note 6)</td> <td style="text-align: right;">2.1</td> <td style="text-align: right;">1.2</td> </tr> <tr> <td>Depreciation adjustment (see note 8)</td> <td style="text-align: right;">8.9</td> <td style="text-align: right;">6.6</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">14.5</td> <td style="text-align: right; border-top: 1px solid black;">11.9</td> </tr> </tbody> </table>		1983 £ million	1982 £ million	Cost of sales adjustment (see note 5)	3.5	4.1	Monetary working capital adjustment (see note 6)	2.1	1.2	Depreciation adjustment (see note 8)	8.9	6.6		14.5	11.9
	1983 £ million	1982 £ million														
Cost of sales adjustment (see note 5)	3.5	4.1														
Monetary working capital adjustment (see note 6)	2.1	1.2														
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	14.5	11.9														
4. Administration and technical expenditure	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">1983 £ million</th> <th style="text-align: right;">1982 £ million</th> </tr> </thead> <tbody> <tr> <td>Monetary working capital adjustment (see note 6)</td> <td style="text-align: right;">0.1</td> <td style="text-align: right;">0.2</td> </tr> <tr> <td>Depreciation adjustment (see note 8)</td> <td style="text-align: right;">0.6</td> <td style="text-align: right;">0.7</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">0.7</td> <td style="text-align: right; border-top: 1px solid black;">0.9</td> </tr> </tbody> </table>		1983 £ million	1982 £ million	Monetary working capital adjustment (see note 6)	0.1	0.2	Depreciation adjustment (see note 8)	0.6	0.7		0.7	0.9			
	1983 £ million	1982 £ million														
Monetary working capital adjustment (see note 6)	0.1	0.2														
Depreciation adjustment (see note 8)	0.6	0.7														
	0.7	0.9														
5. Stocks and cost of sales	<p>Stocks and work in progress are valued at the lower of current replacement cost and net realizable value.</p> <p>The cost of sales adjustment represents the excess of the replacement cost of goods sold at the time of sale over the historical cost.</p>															
6. Monetary working capital adjustment	<p>The monetary working capital adjustment on the operating profit of the industrial and mining subsidiaries and Charter's fee earning business represents the change as a result of inflation in the amount of monetary working capital needed to support the day-to-day operations of the businesses.</p> <p>In addition a monetary working capital adjustment has been charged against the surplus on realization of portfolio investments and against income from finance leases within interest receivable, representing the increase in the average capital employed which would have been necessary to take account of general price increases.</p>															

7. Gearing The gearing adjustment reduces the effect of the current cost adjustments on the profit and loss account by reflecting the benefit to shareholders of borrowings in fixed monetary terms. The gearing adjustment shown in the profit and loss account is Cape Industries PLC's gearing adjustment; excluding the assets and liabilities of Cape Industries PLC, the group was not on average in a net borrowing position and therefore no further gearing adjustment has been made. No adjustment has been charged in the profit and loss account relating to surplus funds held pending longer term investment.

8. Fixed assets and depreciation Fixed assets are shown at their value to the business, which is normally net current replacement cost, as follows:

	Gross		Depreciation		Net	
	1983 £ million	1982 £ million	1983 £ million	1982 £ million	1983 £ million	1982 £ million
Freehold and leasehold property	154.7	88.4	23.9	10.6	130.8	77.8
Plant, furniture, and fittings	341.9	225.1	183.4	112.2	158.5	113.2
	<u>496.6</u>	<u>313.8</u>	<u>207.3</u>	<u>122.8</u>	<u>289.3</u>	<u>191.0</u>

Properties have been valued by the directors with reference to professional valuations in recent periods, cost (in the case of recent constructions), or market rentals and appropriate yields. No attempt has been made to revalue mineral rights or to value mineral reserves for current cost accounts purposes.

The depreciation adjustment, reflecting the higher replacement costs, represents the excess of depreciation on assets at current cost values over the historical cost depreciation. Where assets are still in use but have been fully written off in the historical cost accounts, an extended lifespan has been assessed for current cost accounts purposes.

9. Associated companies In keeping with the strategic nature of the associated company holdings and their close relationship with other long term investments, associated companies have been included in the balance sheet at market or directors' valuation.

The current cost adjustment relating to the share of associated companies' profits is the difference between the share of current cost and historical cost earnings before taxation. Differences between increases in the market values and the share of current cost profits are included in the current cost reserve.

10. Investments For balance sheet purposes investments have been valued at directors' or market valuation, and an investment reserve has been established within the current cost reserve to hold the excess of this valuation over book (historical cost) value. Profits on the realization of the group's directly held long term investments are taken directly to reserves.

11. Reserves

	£ million	£ million
Current cost reserve		
At 1 April 1982		211.3
Revaluation surpluses		
Fixed assets	7.6	
Investments	112.5	
Stocks and work in progress	2.4	
On acquisition of subsidiary companies	14.0	
Monetary working capital adjustments		136.5
Gearing adjustment		3.4
		<u>(1.7)</u>
Other reserves		349.5
At 1 April 1982	273.7	
Retained current cost profit for the year	4.2	
Reserve movements per historical cost accounts	<u>(31.6)</u>	
		<u>246.3</u>
Reserves at 31 March 1983		<u>595.8</u>

NOTE

The total of the current cost adjustments included in the current cost reserve which have been passed through the profit and loss account amounts to £43.3 million (1982 - £31.6 million).

Principal interests

including principal subsidiary companies and * associated companies

Company	Country of incorporation or registration	Group interest in equity capital (per cent)	Nature of business	Accounting date for inclusion of subsidiary and associated company results
INDUSTRIAL				
Anderson Strathclyde PLC <i>(see note 21 on the accounts on page 32; interest increased to 98.5 per cent at 20 June 1983)</i>	Scotland	63.9	Mining equipment	March
Cape Industries PLC <i>(a subsidiary holds 100 per cent of the 3½ per cent cumulative preference shares)</i>	England	67.3	Insulation products; friction materials; automotive components; insulation contracting and fire protection	December
Heatrae-Sadia International Limited	England	100	Electrical water heating; catering and refrigeration equipment	December
Johnson Matthey Public Limited Company*	England	27.9	Metal refining and industrial	March
MKR Holdings Limited	England	100	Refrigeration and drink dispensing equipment	December
Pandrol International Limited	England	100	Railway track equipment and services	December
Perard Torque Tension Limited	England	100	Mining equipment	December
MINING				
Alexander Shand (Holdings) Limited	England	100	Coal mining and civil engineering	December
Anmercosa Sales Limited	England	75	Marketing of metals	March
Beralt Tin and Wolfram Limited	England	75	Wolfram mining in Portugal	December
Botswana RST Limited	Botswana	4.5	Nickel and copper mining	March
Charter Consolidated (Malaysia) Sendirian Berhad	Malaysia	100	Investment and management	March
Charter Consolidated Metals and Ores Limited	England	100	Metal trading	March
Charter Consolidated (U.K. Offshore Oil Explorations) Limited <i>(disposed of on 10 June 1983)</i>	England	80	Oil exploration	March
Cleveland Potash Limited* <i>(see note 3)</i>	England	50	Potash mining	March
Malaysia Mining Corporation Berhad	Malaysia	13.8	Tin mining, marketing, and smelting; plantation interests	December
South Crofty PLC	England	60	Tin mining	December
Tara Exploration and Development Company Limited	Canada	14.1	Zinc and lead mining in the Republic of Ireland	December
OTHER INVESTMENTS				
Anglo American Corporation Zimbabwe Limited <i>(see note 4)</i>	Zimbabwe	33.5	Mining and industrial finance and investment	December
The Argus Printing and Publishing Company Limited	South Africa	10	Printing and publishing	December

Company	Country of incorporation or registration	Group interest in equity capital (per cent)	Nature of business	Accounting date for inclusion of subsidiary and associated company results
<i>Other investments continued</i>				
Covenant Industries Limited*	England	33.9	Marketing and manufacture of chemicals in Africa	September
Euranglo Limited* <i>(in course of liquidation)</i>	South Africa	25	Investment	March
Minerals and Resources Corporation Limited	Bermuda	9.7	International mining finance and investment	
The Rio Tinto-Zinc Corporation PLC <i>(disposed of on 18 April 1983)</i>	England	3.6	International mining and industrial	

FINANCE AND INVESTMENT SUBSIDIARIES
(which also hold directly and indirectly the interests listed above)

The British South Africa Company	England	100	Investment	March
Central Mining Finance Limited	England	100	Finance and investment	March
The Central Mining & Investment Corporation Limited	England	100	Investment	March
Charter Consolidated Finance Limited	England	100	Finance	March
Charter Consolidated Investments P.L.C.	England	100	Investment	March

SERVICES

Charter Consolidated Services Limited	England	100	Administration and technical	March
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NOTES

- The companies listed above in which the Charter group owns in excess of 50 per cent of the equity capital are the principal subsidiary companies of the group. A complete list of subsidiary companies will be annexed to the annual return filed with the registrar of companies. The shares in The Central Mining & Investment Corporation Limited, Charter Consolidated Investments P.L.C., and Charter Consolidated Services Limited are held directly by the company; the shares in the remaining subsidiary companies are held through subsidiaries of the company. Except where indicated under the nature of business, the principal country of operation is the same as the country of incorporation or registration.
- Of the subsidiary companies the accounts of Beralt Tin and Wolfram Limited, Cape Industries PLC, and South Crofty PLC are not audited by Coopers & Lybrand.
- Charter does not account for its share of the losses being incurred by Cleveland Potash Limited as Charter's obligation to finance such losses is restricted to specific provisions made in previous years. The group holds 50 per cent of the 10 per cent redeemable participating preference shares of Cleveland Potash Limited.
- No account is taken of the group share of the results of Anglo American Corporation Zimbabwe Limited as Charter is not in a position to exercise significant influence over the company's affairs.
- Two other associated companies held by operating subsidiaries are Al-Rasheed Shand Limited (owned by the Alexander Shand (Holdings) Limited group), incorporated in Saudi Arabia, whose business is civil engineering; and Elastic Rail Spike Company (Proprietary) Limited (owned by the Pandrol International Limited group), incorporated in South Africa, whose business is railway track equipment. The group interest in the equity capital of each company is 40 per cent and the accounting date for inclusion of each company's results is December.

Analysis of assets and income

Geographical analysis of total assets and revenue

	Assets		Per cent of assets		Per cent of revenue	
	1983	1982	1983	1982	1983	1982
	£000	£000				
United Kingdom	407,647	324,262	56.1	63.6	70.6	61.8
Rest of Europe	24,544	35,782	3.4	7.0	5.8	4.5
North and South America	141,387	53,731	19.4	10.5	2.3	3.1
South Africa	32,835	9,527	4.5	1.9	8.3	3.1
Rest of Africa	18,320	13,529	2.6	2.7	4.3	5.3
South-east Asia	62,412	39,501	8.6	7.7	4.1	20.4
Australasia	39,313	33,582	5.4	6.6	4.6	1.8
	<u>726,458</u>	<u>509,914</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Analysis by category of investments and investment income

	Investments		Per cent of investments		Per cent of investment income	
	1983	1982	1983	1982	1983	1982
	£000	£000				
Mining - Finance	173,163	102,605	42.7	32.7	26.4	27.5
Diamonds	6,450	4,446	1.6	1.4	0.2	0.4
Tin and wolfram	33,867	20,107	8.3	6.4	12.8	15.2
Copper, potash, gold, and other minerals	5,352	4,981	1.4	1.6	0.7	2.0
Industrial, commercial, etc.	186,919	152,474	46.0	48.7	50.4	38.8
Fixed interest stocks and bonds	—	28,975	—	9.2	9.5	16.1
	<u>405,751</u>	<u>313,588</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

NOTES

- Listed investments are included at market value at 31 March and unlisted investments at directors' valuation at 31 March.
- The geographical analysis takes into consideration direct interests and where possible major indirect interests in the areas concerned and is therefore only approximate.

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

	Turnover		Operating profit	
	1983 £000	1982 £000	1983 £000	1982 £000
Building products and insulation contracting	177,165	171,582	9,071	7,441
Automotive and engineering products	47,399	47,814	(1,260)	(1,333)
Heating, catering, and refrigeration	42,204	39,793	365	866
Civil engineering and construction	42,158	22,519	1,061	995
Coal mining	28,474	18,289	3,061	750
Railway track fastenings	26,363	25,450	2,920	3,909
Metal sales	14,016	11,838	(480)	(636)
Wolfram mining	11,363	6,190	723	1,627
Mining equipment	10,722	9,377	291	529
Quarrying	5,402	4,087	314	107
Tin mining	4,013	—	139	—
	<u>409,279</u>	<u>356,939</u>	<u>16,255</u>	<u>14,265</u>
Deduct: Compensation for industrial disease	—	—	825	450
Unallocated central charges	—	—	663	325
	<u>409,279</u>	<u>356,939</u>	<u>14,767</u>	<u>13,490</u>

Geographical analysis of turnover of industrial and mining subsidiaries

	Turnover		Percent of turnover	
	1983 £000	1982 £000	1983	1982
United Kingdom	316,234	268,386	77.2	75.2
Rest of Europe	37,384	42,097	9.1	11.8
North and South America	15,934	12,748	3.9	3.6
South Africa	11,314	9,159	2.8	2.5
Rest of Africa and Middle East	17,211	16,059	4.2	4.5
Australasia and South-east Asia	11,202	8,490	2.8	2.4
	<u>409,279</u>	<u>356,939</u>	<u>100.0</u>	<u>100.0</u>

Five year financial record

Charter Consolidated P.L.C. and its subsidiary companies

	1983 £000	1982 £000	1981 £000	1980 £000	1979 £000
EARNINGS (year to 31 March)					
Profit before taxation	47,706	59,227	52,791	52,349	44,547
Taxation	11,023	13,502	18,721	20,752	17,965
	<u>36,683</u>	<u>39,725</u>	<u>31,070</u>	<u>31,597</u>	<u>26,582</u>
Outside shareholders' interest (from 1982 includes profit sharing)	1,792	2,098	1,476	3,659	3,591
	<u>34,891</u>	<u>37,627</u>	<u>32,594</u>	<u>27,938</u>	<u>22,991</u>
Earnings attributable to shareholders	11,560	11,558	10,497	8,760	9,043
Dividends paid	23,331	26,069	22,097	19,178	13,948
	<u>33.20p</u>	<u>35.81p</u>	<u>31.05p</u>	<u>26.63p</u>	<u>21.93p</u>
Earnings per share					
Dividends per share (net of imputed tax credit)	<u>11.00p</u>	<u>11.00p</u>	<u>10.00p</u>	<u>8.35p</u>	<u>8.62p</u>
NET ASSETS (at 31 March) including investments at market or directors' valuation					
Investments					
At book amount	169,545	186,206	186,227	142,711	158,306
Appreciation of investments (see note 2 below)	236,206	127,382	206,244	99,464	123,933
	<u>405,751</u>	<u>313,588</u>	<u>392,471</u>	<u>242,175</u>	<u>282,239</u>
Market or directors' valuation	405,751	313,588	392,471	242,175	282,239
Assets under finance leases to third parties	14,903	13,484	278	—	—
Fixed assets and exploration and development expenditure	206,760	127,972	86,080	68,449	75,027
Alexander Shand group of companies	—	—	24,926	—	—
Net current assets	99,044	54,870	32,755	54,246	52,480
	<u>726,458</u>	<u>509,914</u>	<u>536,510</u>	<u>364,870</u>	<u>409,746</u>
Long term indebtedness, minority interest, capital expenditure grants, and deferred taxation	181,110	62,789	39,499	40,597	69,093
Net assets	545,348	447,125	497,011	324,273	340,653
	<u>519p</u>	<u>426p</u>	<u>473p</u>	<u>309p</u>	<u>325p</u>
Net assets per share					
Represented by:					
Issued share capital	2,105	2,105	2,103	2,103	26,215
Share premium	12,368	12,351	12,125	12,064	30,695
Reserves	294,669	305,287	276,539	210,642	159,810
	<u>309,142</u>	<u>319,743</u>	<u>290,767</u>	<u>224,809</u>	<u>216,720</u>
Appreciation of investments (see note 2 below)	236,206	127,382	206,244	99,464	123,933
	<u>545,348</u>	<u>447,125</u>	<u>497,011</u>	<u>324,273</u>	<u>340,653</u>

NOTES

1. In 1980 major changes in Charter's investments together with a capital reduction of £53.3 million took place under a scheme of arrangement, as a result of which Charter shareholders received one quarter of a share in Minerals and Resources Corporation Limited worth 55p at the time for each Charter share held.

2. No account has been taken of taxation on appreciation of investments (see note (ii) to note 10 on the accounts on page 27).

Analysis of Charter's issued equity share capital at 31 March 1983

Geographical	Number of Registered Shareholders		Category	Number of Registered Shareholders	
	Percentage			Percentage	
United Kingdom	56.97*	22,456	Individuals	12.84	21,355
Rest of Europe	5.11*	1,091	Insurance companies	8.18	79
Bermuda	35.73	4	Banks and nominee companies	23.31	2,149
North America	1.10†	140	Other limited companies	43.41	475
South Africa	0.74	1,048	Pension funds and trustees	10.21	484
Elsewhere	0.35	242	Others	0.60	439
	100.00	24,981	Total registered	98.55	24,981
			Represented by share warrants to bearer	1.45	
				100.00	

*includes estimate of number of shares represented by share warrants to bearer

†includes shares registered in the United Kingdom in the names of banks issuing American Depositary Receipts

General information

Directors' interests in shares

The following are the interests in the shares of 2p each of the company of the directors who held office on 31 March 1983.

DIRECTOR OR ALTERNATE	AT 31 MARCH 1983				AT 1 APRIL 1982			
	Fully paid shares	Options to subscribe for fully paid shares ¹	Partly paid shares (1p paid) ²	Fully paid shares with restricted rights ³	Fully paid shares	Options to subscribe for fully paid shares ¹	Partly paid shares (1p paid) ²	Fully paid shares with restricted rights ³
R. J. Armitage	908 ⁴	8,042	7,500	3,304	390 ⁵	3,787	7,500	3,304
P. C. D. Burnell	100	nil	7,500	3,304	100	nil	7,500	3,304
J. N. Clarke	1,008 ⁴	16,351	7,500	3,304	490 ⁵	7,575	7,500	3,304
J. V. Cleasby	nil	nil	nil	nil	nil	nil	nil	nil
J. E. H. Collins	100	nil	nil	nil	100	nil	nil	nil
K. H. Dabell	nil	nil	nil	nil	nil	nil	nil	nil
J. O. Hambro	1,131	nil	nil	nil	1,131	nil	nil	nil
	1,745 ⁶				1,745 ⁶			
G. A. Higham ⁷	1,018 ⁸	12,329	nil	nil	500	5,681	nil	nil
M. B. Holmeyr	100 ⁹	nil	nil	nil	100 ⁹	nil	nil	nil
F. J. A. Howard	908 ⁴	12,329	nil	nil	1,390 ⁵	5,681	nil	nil
G. W. Mackworth-Young	300	nil	nil	nil	300	nil	nil	nil
A. E. Oppenheimer	100 ⁹	nil	nil	nil	nil	nil ⁹	nil ⁹	nil ⁹
N. F. Oppenheimer	100 ⁹	nil	nil	nil	nil ⁹	nil ⁹	nil ⁹	nil ⁹
A. J. W. Weston	1,008 ⁴	12,329	6,000	2,643	490 ⁵	5,681	6,000	2,643
J. R. B. Phillimore	nil	nil	nil	nil	nil ¹⁰	nil ¹⁰	nil ¹⁰	nil ¹⁰
G. W. H. Rely	500	nil	nil	nil	500	nil	nil	nil
	100 ⁹				100 ⁹			
J. C. Richardson	1,008 ⁴	12,329	10,000	4,405	490 ⁵	5,681	10,000	4,405
A. T. B. Shand	100	nil	nil	nil	100	nil	nil	nil
	867 ¹¹				867 ¹¹			
M. J. Statham	908 ⁴	5,878	5,000	2,202	390 ⁵	3,219	5,000	2,202
J. Ogilvie Thompson	100 ⁹	nil	nil	nil	100 ⁹	nil	nil	nil

NOTES

¹ granted under the company's share option scheme adopted on 1 July 1973

² issued under the company's share incentive scheme adopted on 14 July 1970

³ allotted to holders of partly paid shares under a scheme of arrangement of 22 October 1979 and subject to the same restrictions as the partly paid shares to which they relate

⁴ 908 appropriated under the company's profit sharing scheme adopted on 11 August 1981

⁵ 390 appropriated under the company's profit sharing scheme

⁶ non beneficial

⁷ also had a beneficial interest in 312 ordinary shares of 25p each in Cape Industries PLC, a subsidiary of the company, at 31 March 1983 and 1 April 1982

⁸ 618 appropriated under the company's profit sharing scheme

⁹ at date of appointment on 22 June 1982

¹⁰ at date of appointment on 10 August 1982

¹¹ held jointly

There was no change in any of the above-mentioned interests between the end of the financial year and 7 June 1983, being one month prior to the date of the notice of annual general meeting, except that Mr J. C. Richardson's interests in partly paid shares and fully paid shares with restricted rights were reduced to 5,000 and 2,203 respectively and Mr M. J. Statham's interests in partly paid shares and fully paid shares with restricted rights were reduced to nil.

Substantial shareholding

On 7 June 1983 Minerals and Resources Corporation Limited held an interest of 35.7 per cent in the issued share capital of the company. Anglo American Corporation of South Africa Limited and De Beers Consolidated Mines Limited were deemed to be interested in that shareholding under section 66(2)(b) of the Companies Act 1981.

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 in 1979 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.

Employees

The average number of employees per week of the company and its subsidiaries working wholly or mainly in the United Kingdom was 13,048 during the year. The aggregate amount of the remuneration paid to such employees during the year was £101,248,000.

Group companies give full consideration to applications for employment made by disabled people, having regard to their particular aptitudes and abilities. Should employees become disabled during employment, and no longer be capable of performing the work for which they were engaged, they would be considered for any available alternative work within their capabilities. For the purposes of training, career development, and promotion, disabled employees are treated in the same way as other employees.

Political and charitable contributions

Contributions for political purposes made through a subsidiary company during the year amounted to £300 paid to the Ashford Conservative Association.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £69,000.

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 1983

Al-Rasheed Shand Limited

Principal country of operation: Saudi Arabia

Issued share capital at 31 December 1982: 6,000 shares of Saudi riyals 1,000 each

Cleveland Potash Limited

Principal country of operation: England

Issued share capital at 31 December 1982: £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: £18,449,786 25 per cent unsecured loan stock 1987 and £1,938,409 25 per cent unsecured loan stock 1988; Charter held 72 per cent of the 25 per cent unsecured loan stock 1988

Covenant Industries Limited

Principal countries of operation: Kenya, Nigeria, Tanzania, Zambia

Issued share capital at 30 September 1982: £91,824 in 45,912 'A' ordinary and 45,912 'B' ordinary shares of £1 each

Elastic Rail Spike Company (Proprietary) Limited

Principal country of operation: South Africa

Issued share capital at 30 June 1982: R80,000 in 24,000 'A' shares and 16,000 'B' shares of R2 each

Euranglo Limited

Principal country of operation: South Africa

Issued share capital at 31 March 1983: R100 in 1,000,000 shares of no par value

Johnson Matthey Public Limited Company

Principal country of operation: England

Issued share capital at 31 March 1983: £133,215,753 in ordinary shares of £1 each and £300,000 in 2 1/2 per cent cumulative preference shares of £1 each

Issued loan capital: £3,750,000 in £4,500,000 7 1/2 per cent debenture stock 1990/95, £3,000,000 5 1/2 per cent debenture stock 1988/90, and £1,250,000 unsecured loan stock 1983 (redeemed at par on 11 April 1983)

OTHER COMPANIES

Anglo American Corporation Zimbabwe Limited

Principal country of operation: Zimbabwe

Issued share capital at 30 June 1982: Z\$56,709,212 in shares of Z\$1 each

Reserves: Z\$18,882,000

Group directory

Executive directors

J. N. Clarke
Chief executive

G. A. Higham
Industrial

F. J. A. Howard
Finance

A. J. W. Owston
Mining

J. G. Richardson
Administration

Managing directors of operating subsidiaries

ALEXANDER SHAND
K. H. Dabell

ANDERSON STRATHCLYDE
J. M. Little

CAPE INDUSTRIES
W. R. Doughty

CHARTER CONSOLIDATED
(MALAYSIA)

F. K. J. Jackson

HEATRÆ-SADIA
M. W. King

MKR HOLDINGS
J. Hamilton

PANDROL INTERNATIONAL
to be appointed

PERARD TORQUE TENSION
V. O. Handscombe

Officials

R. J. Armitage
MANAGER
Treasury; administration

D. S. Booth
Secretary

I. R. M. Chaston
Consulting metallurgist

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

B. J. Crean
Investment manager

R. H. T. Dawkins
Group chief accountant

A. V. Dunster
Finance manager

H. E. O. Ellison
Public relations consultant

C. J. Forristal
Consulting engineer

G. Gardiner
*Manager, mining
administration*

P. A. L. Gordon
Prospecting manager

G. S. Inns
Evaluation manager

N. G. McNair Scott
MANAGER

*Development planning
and new business*

R. D. McVean
Personnel consultant

J. A. Pool
MANAGER
Group financial planning

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

L. L. C. Smets
Chief economist

M. J. Statham
Investment manager

J. H. Tanton
Consulting mining engineer

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

R. A. M. Wilson
Chief geologist

Offices

40 Holborn Viaduct, London EC1P 1AJ
(registered)

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

44 Main Street, Johannesburg 2001,
South Africa

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

244 Avenida da Liberdade,
1200 Lisbon, Portugal

Registrars

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

Consolidated Share Registrars Limited,
40 Commissioner Street,
Johannesburg 2001,
South Africa

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 above-mentioned 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 L'Européenne de Banque, 21 rue La Fayette, 75009 Paris.

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 d'actionnaire à une assemblée générale, sont tenus de déposer leurs certificats d'actions au moins trois jours ouvrables francs avant la date de l'assemblée au bureau du directeur du registre de la société au Royaume-Uni ou à ceux des agents payeurs 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 habilitée à recevoir en dépôt les certificats 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'actions 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; L'Européenne de Banque, 21 rue La Fayette, 75009 Paris.

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JUL 1983

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