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CHARTER CONSOLIDATED LIMITED

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Preliminary Report and Approximate Consolidated Balance Sheet at 1st April 1965

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CHARTER CONSOLIDATED LIMITED

Incorporated in England

OFFICES

REGISTERED
40, *Holborn Viaduct, London, E.C.1*

SUB-OFFICE
Rolls Building, 7, Fetter Lane, London, E.C.4

REPUBLIC OF SOUTH AFRICA
44, Main Street, Johannesburg

RHODESIA
70, Jameson Avenue Central, Salisbury, C.4

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DIRECTORATE

CHAIRMAN

P. V. EMRYS-EVANS

DEPUTY CHAIRMEN

S. D. H. POLLEN, M.B.E., T.D. THE HON. H. V. SMITH W. D. WILSON (*Managing Director*)

DIRECTORS

SIR KEITH ACUTT, K.B.E.
A. CHESTER BEATTY
COMTE T. DE FEUILHADE DE CHAUVIN
J. E. H. COLLINS, M.B.E., D.S.C.
SIR FREDERICK CRAWFORD, G.C.M.G., O.B.E.
C. W. ENGELHARD
H. ST. L. GRENFELL, O.B.E., M.C.
J. O. HAMBRO, M.C.
H. F. OPPENHEIMER
P. J. OPPENHEIMER
EVELYN R. A. DE ROTHSCHILD
T. P. STRATTEN
T. MUIR WARDEN, O.B.E.

ALTERNATE DIRECTORS

O. B. BENNETT
G. W. FLINT
H. R. FRASER
R. ST. L. GRANVILLE
SIR JIM S. HOLLAND, BT., T.D.
N. K. KINKEAD-WEEKES
THE HON. J. CHRISTOPHER LODER
B. W. PAIN

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

P. V. EMRYS-EVANS
H. ST. L. GRENFELL, O.B.E., M.C.
P. J. OPPENHEIMER
S. D. H. POLLEN, M.B.E., T.D.
THE HON. H. V. SMITH
T. MUIR WARDEN, O.B.E.
W. D. WILSON

LOCAL COMMITTEE IN THE REPUBLIC OF SOUTH AFRICA

F. S. BERNING
H. C. BALLINGALL
G. C. FLETCHER, M.C.
J. V. HARRIS

LOCAL COMMITTEE IN RHODESIA

T. C. A. BIRLEY
I. M. COWAN
SIR HENRY M. MCDOWELL, K.B.E.
H. H. TAYLOR

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ADMINISTRATION

MANAGERS

G. W. FLINT
H. R. FRASER
R. St. L. GRANVILLE
Sir JIM S. HOLLAND, Bt., T.D.
N. K. KINKEAD-WEEKES
The Hon. J. CHRISTOPHER LODER
B. W. PAIN

SECRETARY

R. V. PRITCHARD

DEPUTY SECRETARY

J. E. DEXTER, M.M.

CHIEF ACCOUNTANT

D. C. KEMPSON

REGISTRARS

London

CONSOLIDATED SHARE REGISTRARS LIMITED
40, Holborn Viaduct, E.C.1.

LOCAL TRANSFER SECRETARIES

Johannesburg

CONSOLIDATED SHARE REGISTRARS LIMITED
76, Main Street.

Salisbury, Rhodesia

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
70, Jameson Avenue Central, C.4.

AUDITORS

COOPER BROTHERS & CO.
DELOITTE, PLENDER, GRIFFITHS & CO.

BANKERS

BARCLAYS BANK D.C.O.
NATIONAL PROVINCIAL BANK LIMITED
WESTMINSTER BANK LIMITED

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PRELIMINARY REPORT TO MEMBERS

CHARTER CONSOLIDATED LIMITED, which was converted into a public company on the 31st March 1965 when the merger between The British South Africa Company, The Central Mining & Investment Corporation Limited and The Consolidated Mines Selection Company Limited became effective, will make up its accounts to 31st March in each year and thus issue its first annual report for the year to 31st March 1966. As the time of issue of that report, probably June 1966, is some way ahead your Directors have decided to make this preliminary report on the setting up of the new company and the conduct of its affairs.

GROUP STRUCTURE

The entire issued capital of each of the three merging companies was transferred to your company on 31st March 1965. Its principal subsidiary companies, all of which are wholly-owned except where otherwise stated, are as shown below:—

	Type of Company
UNITED KINGDOM	
THE BRITISH SOUTH AFRICA COMPANY	*Overseas trading*
THE CENTRAL MINING & INVESTMENT CORPORATION LIMITED	*Investment holding*
THE BRITISH SOUTH AFRICA COMPANY HOLDINGS LIMITED	,, ,,
THE RHODESIA RAILWAYS TRUST LIMITED	,, ,,
FINANCIAL AND MINING HOLDINGS LIMITED	,, ,,
WALL TRUST LIMITED	,, ,,
THE CONSOLIDATED MINES SELECTION COMPANY LIMITED	*Investment dealing*
CECIL INVESTMENTS LIMITED	,, ,,
CENTRAL MINING FINANCE LIMITED	,, ,,
THE BRITISH SOUTH AFRICA COMPANY INVESTMENTS LIMITED	,, ,,
THE CONSOLIDATED MINES (INVESTMENTS) LIMITED	,, ,,
CENTRAMIC U.K. LIMITED	*Industrial holding*
HEATRAE LIMITED	*Manufacturing*
ELASTIC RAIL SPIKE COMPANY LIMITED	,,
RATHDOWN INDUSTRIES LIMITED	,,
A. & P. STEVEN—ELECTRAMIC LIMITED	,,
CANADA	
CENTRAMIC (CANADA) LIMITED	*Investment holding*
CONIAURUM HOLDINGS LIMITED (73·5%)	,, ,,
INTERLINK INVESTMENTS LIMITED	,, ,,
BERMUDA	
GREENPOINT COMPANY LIMITED	*Investment holding*
KATRINE COMPANY LIMITED	,, ,,
PATTERN COMPANY LIMITED	,, ,,

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REPUBLIC OF SOUTH AFRICA

CENTRAMIC (SOUTH AFRICA) LIMITED	*Investment dealing*
THE CONSOLIDATED MINES SELECTION (JOHANNESBURG) LIMITED	*Investment holding*

SWAZILAND

SWAZILAND COLLIERIES LIMITED (63·1%)	*Coal mining*

APPROXIMATE CONSOLIDATED BALANCE SHEET

The cross-holdings referred to in the merging companies' circular to shareholders of the 25th January 1965 were eliminated on the 24th March 1965 in exchange for the assets mentioned on page 8 of that circular.

The following is the outline of the approximate consolidated balance sheet as at 1st April 1965

	£			£
CAPITAL		INVESTMENTS at cost less amounts written off		
Authorised 120,000,000 shares of 5s. each	30,000,000	*Quoted* (Market valuation	£117,901,000)	68,933,000
Issued 97,724,674 shares of 5s. each fully paid	24,431,000	*Unquoted* (Directors' valuation	26,201,000)	22,792,000
			£144,102,000	91,725,000
CAPITAL RESERVES	27,323,000			
REVENUE RESERVES	52,330,000			
	104,084,000	FIXED ASSETS Land, buildings and plant		2,592,000
FUTURE TAXATION	885,000			
INTEREST OF MINORITY SHAREHOLDERS IN SUBSIDIARIES	149,000	CURRENT ASSETS LESS CURRENT LIABILITIES		11,896,000
DEBENTURE STOCKS	1,095,000			
	£106,213,000			£106,213,000

NET ASSET VALUATION

The Group's net assets on the 1st April 1965 valued as above totalled £156,461,000 of which £117,901,000 or 75.4% was represented by quoted investments and £26,201,000 or 16.7% by unquoted investments.

PRINCIPAL INTERESTS OF THE GROUP

The following list shows the investment pattern of Charter Consolidated and its subsidiaries and identifies their principal interests:

MINING	*Market or Directors' Valuation at 1.4.65*	*Per cent of Net Assets*
	£	
Finance	59,496,000	38.0
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED CONSOLIDATED GOLD FIELDS LIMITED JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED RAND MINES LIMITED RAND SELECTION CORPORATION LIMITED SELECTION TRUST LIMITED THE RIO TINTO-ZINC CORPORATION LIMITED TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED UNION CORPORATION LIMITED		
Diamonds	4,621,000	3.0
ANGLO AMERICAN INVESTMENT TRUST LIMITED DE BEERS CONSOLIDATED MINES LIMITED		
Gold	10,124,000	6.5
BLYVOORUITZICHT GOLD MINING COMPANY LIMITED HARMONY GOLD MINING COMPANY LIMITED ORANGE FREE STATE INVESTMENT TRUST LIMITED WESTERN DEEP LEVELS LIMITED WESTERN HOLDINGS LIMITED WEST RAND INVESTMENT TRUST LIMITED		
Copper and other metals	17,900,000	11.4
BAFFINLAND IRON MINES LIMITED HUDSON BAY MINING AND SMELTING COMPANY LIMITED McINTYRE PORCUPINE MINES LIMITED MUFULIRA COPPER MINES LIMITED NCHANGA CONSOLIDATED COPPER MINES LIMITED PLATINUM PROSPECTING COMPANY (PTY.) LIMITED RHOKANA CORPORATION LIMITED ROAN SELECTION TRUST LIMITED ZAMBIAN ANGLO AMERICAN LIMITED		
INDUSTRIAL, COMMERCIAL, COAL, ETC.	35,766,000	22.9
BOART AND HARD METAL PRODUCTS S.A. LIMITED CAPE ASBESTOS LIMITED PRETORIA PORTLAND CEMENT COMPANY LIMITED SOCIETE INTERNATIONALE PIRELLI S.A. THE ARGUS PRINTING AND PUBLISHING COMPANY LIMITED THE HUME PIPE COMPANY (SOUTH AFRICA) LIMITED WITBANK COLLIERY LIMITED		
Carried forward	127,907,000	81.8

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	Brought forward	127,907,000	81.8
BANKING AND FINANCE		5,519,000	3.5
OIL		4,239,000	2.7
BRITISH PETROLEUM LIMITED THE SHELL TRANSPORT AND TRADING COMPANY LIMITED WESTERN DECALTA PETROLEUM LIMITED			
LONG TERM LOANS		6,437,000	4.1
KARIBA HYDRO-ELECTRIC SCHEME ZAMBIAN GOVERNMENT—HOUSING LOAN			
	(see note 1)	144,102,000	92.1
FIXED ASSETS, LESS FUTURE TAXATION, MINORITY INTERESTS AND DEBENTURE STOCKS	*(see note 2)*	463,000*	0.3
NET CURRENT ASSETS	*(see note 2)*	11,896,000	7.6
		£156,461,000	100.0

* *For individual amounts see page 4.*

NOTES

1. The geographical spread of the Group's investments at 1st April, 1965 was as follows:

	per cent
SOUTH AFRICA	42.9
REST OF AFRICA	15.9
NORTH AMERICA..	23.5
UNITED KINGDOM	11.5
ELSEWHERE..	6.2
	100.0

2. Included in these amounts are the net assets of the industrial subsidiary companies amounting to approximately £2,100,000.

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MERGER OF RHODESIAN INTERESTS

The merger of Charter Consolidated Group's principal interests in Rhodesia with the Rhodesian interests of certain other companies of the Anglo American Corporation Group through the medium of Anglo American Corporation Rhodesia Limited, as announced in the press on the 5th April 1965, has now been accomplished. This operation was completed after the 1st April 1965 so that the resulting minor changes in the Charter Consolidated Group's investments are accordingly not reflected in the approximate consolidated balance sheet on page 4.

In terms of this scheme Charter Consolidated Group sold the entire issued capital of certain of its wholly-owned private companies to Anglo American Corporation Rhodesia Limited at their combined agreed valuation of £6.2m., a figure which was based on the underlying net assets of these companies and which included *inter alia* quoted investments valued at £549,000. The total proceeds of £6.2m. were applied in subscribing for shares in Anglo American Corporation Rhodesia Limited which gave the Group a 36·9 per cent interest in the issued capital. Subsequently the Group sold a proportion of its holding for cash and now owns 33·9 per cent of the issued capital.

As part of the scheme the Group's Rhodesian staff has been integrated with the local office staff of Anglo American and it is anticipated that substantial administrative savings will result.

CORNER HOUSE GROUP

In September 1957 Rand Mines Limited assumed from Central Mining Finance Limited certain managerial and technical responsibilities towards the mining and industrial companies of the Corner House Group. Central Mining, however, continued to provide financial services to that Group and maintained direct links through Board representation with the Companies comprising it. It has now been agreed between Rand Mines Limited and Central Mining Finance Limited that, with effect from 1st April 1965, Rand Mines assumed responsibilities for providing the financial and other services hitherto rendered by Central Mining. The Central Mining staff in South Africa has transferred to Rand Mines Limited.

Charter Consolidated retains through Central Mining the latter company's interests in South Africa, and Rand Mines Limited has been appointed Johannesburg Secretaries to Central Mining and its subsidiary companies there.

TAXATION OF PROFITS, DIVIDEND POLICY

When the proposals for the merger were announced it was stated that due to uncertainty about the future taxation structure it was impossible to forecast what rate of dividend would be payable, although it was anticipated that on the then existing basis of taxation it would have been possible initially to pay dividends at an annual rate of 1s. 4d. gross per share. The proposals in the Chancellor's Budget speech and the Finance Bill, when they come into effect, would greatly increase the liability to taxation since the Group would largely be denied relief in respect of underlying taxes suffered overseas on its investments. Strong representations are being

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made to the Government drawing attention to the harm which will result to British interests and trade and it is hoped that the Government will reconsider some of the proposals relating to overseas activities.

It will be appreciated that in the circumstances no forecast can be made at this time about possible rates of dividend or times of payment, but it would normally be the intention to consider the declaration of two dividends for a financial year—an interim announced each November, payable in December, and a final dividend announced May, payable July, when the Annual General Meeting would be held.

ADMINISTRATION

Integration of the London staffs of The British South Africa Company, Central Mining and Consolidated Mines Selection (Anglo American Corporation) has proceeded smoothly and the main part of the new organisation is now located at the registered office—40 Holborn Viaduct, London, E.C.1, with a sub-office nearby at 7 Rolls Building, Fetter Lane, E.C.4.

GENERAL

Quotations/listings

The Company's shares are quoted/listed in the following centres:

LONDON
PARIS
JOHANNESBURG
BULAWAYO

Paying Agents

The following bankers have been appointed paying agents to the Company in Paris:—

CREDIT LYONNAIS S.A., 19, Boulevard des Italiens, Paris, 2e
MESSRS. DE ROTHSCHILD FRERES. 21, Rue Laffitte, Paris, 9e

Dominion Registers

Dominion Registers have been established in the Republic of South Africa and in Rhodesia.

By order of the board
R. V. PRITCHARD
Secretary

40 Holborn Viaduct,
London, E.C.1.
19th May, 1965

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