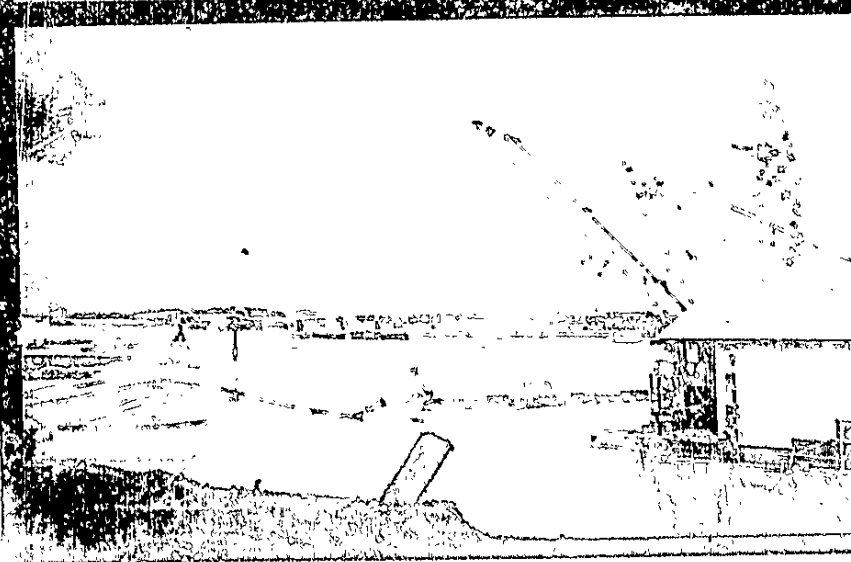
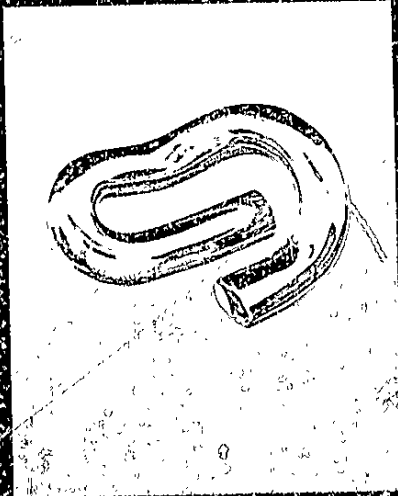
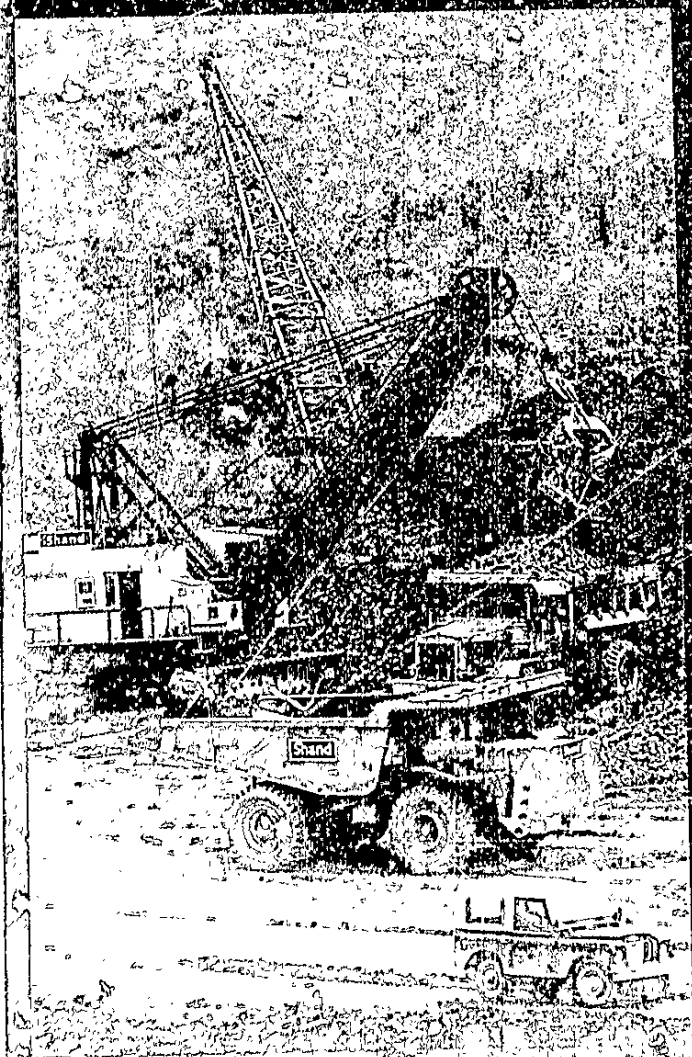
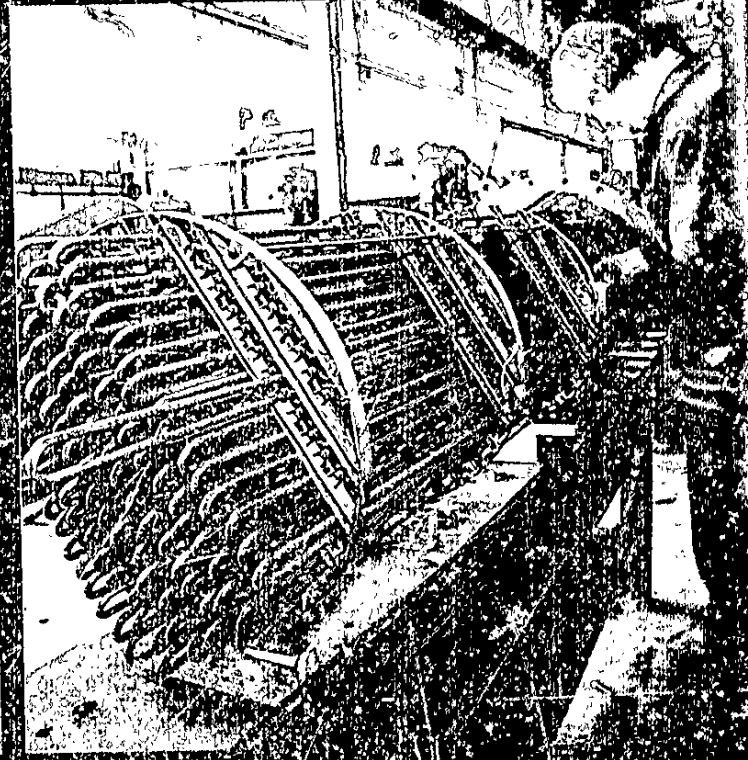
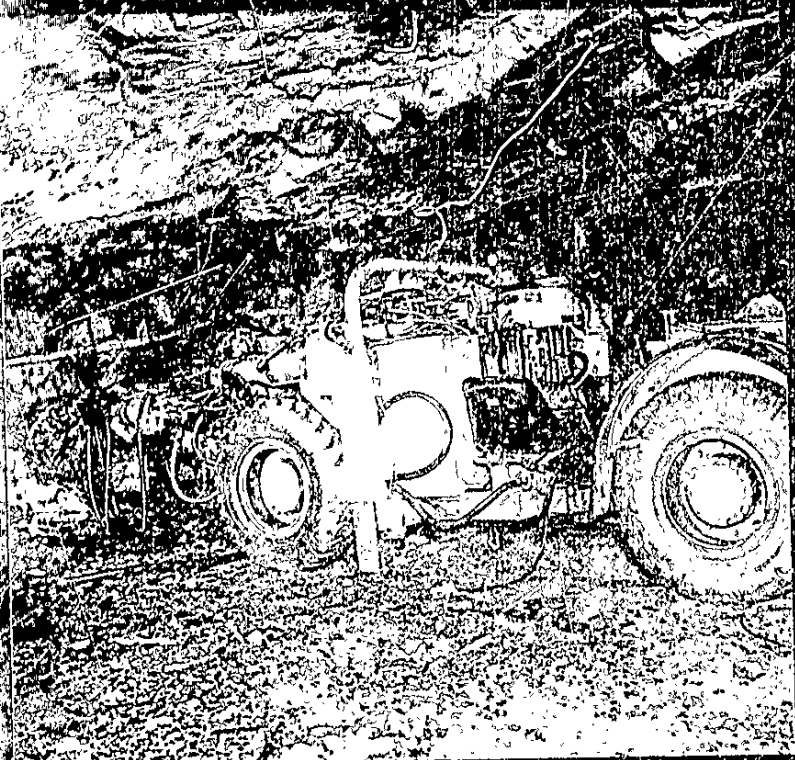
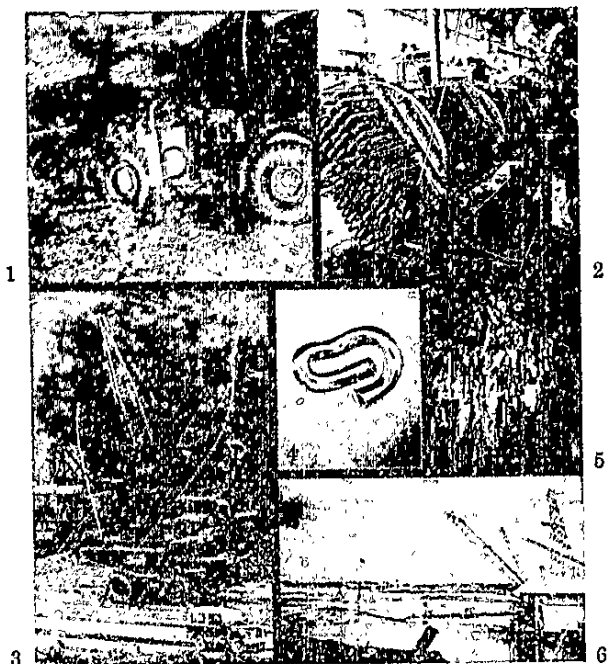


CHARTER

Annual report 1982





1 A Perard Torque Tension drilling rig at Beral Tin & Wolfram's Panasqueira mine in Portugal

2 A heating element being prepared for installation in an industrial boiler at Heatrae-Sadia's Norwich factory

3 An opencast coal mining operation of the Shand group

4 The new 'c' clip, developed and manufactured by Pandrol International for worldwide use

5 A fine specimen of wolframite ore in crystallized form

6 Tin dredge of Malaysia Mining Corporation

IMPORTANT DATES *

1982

Annual general meeting	Tuesday 10 August
Payment of final dividend	Thursday 12 August
Declaration of interim dividend and publication of half-yearly report	Tuesday 30 November

1983

Payment of interim dividend	Thursday 6 January
Recommendation of final dividend and publication of preliminary profit statement	Tuesday 21 June
Posting of annual report and accounts	Thursday 7 July

*subject to change if unforeseen circumstances arise

Charter Consolidated P.L.C.

Annual report and accounts for
the year ended 31 March 1982

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

Alternate directors

R. J. Armitage

J. V. Cleasby

K. H. Dabell

M. J. Statham

Secretary

D. S. Booth

*executive directors

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Notice of meeting

NOTICE IS HEREBY GIVEN that the seventeenth 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 10 August 1982 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1982
2. To declare a final dividend
3. To reappoint as directors Mr G. W. Mackworth-Young, Mr A. E. Oppenheimer, Mr N. F. Oppenheimer, Mr J. O. Hambro, Mr M. B. Hofmeyr, and Mr G. W. H. Relly
4. To reappoint Coopers & Lybrand as auditors and authorize the board to fix their remuneration
5. To consider the following resolution which will be proposed as a special resolution:

(A) That the regulations contained in the print of the articles of association submitted to the meeting and for the purpose of identification signed by the chairman be approved and adopted as the articles of association of the company in substitution for and to the exclusion of all the existing articles of association

(B) That the following amendments to the share incentive scheme adopted by special resolution of the company in general meeting on 14 July 1970, as subsequently amended, be and are hereby approved to the intent that such approval shall in so far as requisite operate by way of alteration of the articles of association of the company adopted pursuant to paragraph (A) of this resolution:

- (i) in clause 5(ii) and clause 11(a)(ii), the deletion of "Articles 71 and 72 of";
- (ii) in clause 10, the deletion of "Articles 21 to 26 (inclusive)" and the substitution therefor of "Articles 20 to 25 (inclusive)";
- (iii) in clause 11(c), the deletion of "Article 132 of the Company's Articles of Association as altered on the 14th July, 1970," and the substitution therefor of "Article 129 of the Company's Articles of Association";
- (iv) in clause 12(a), the deletion of "Articles 38 to 43 (inclusive)" and the substitution therefor of "Articles 26 to 30 (inclusive) and Article 34";
- (v) in clause 12(c), the deletion of "Articles 18 to 20 (inclusive)" and the substitution therefor of "Articles 32 to 34 (inclusive)"

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

"That, in accordance with paragraph 20(c) of the schedule to the trust deed dated 17 August 1981 and made between the company and various subsidiary companies and Abercorn Nominees Limited as trustees constituting the company's

profit sharing scheme, the said trust deed be hereby amended by the deletion of the definition of "Qualifying Employee" in paragraph 1 of the schedule thereto and the substitution therefor of the following:

"Any person who, as at the related Appropriation Date,

- (a) is an Employee, and
- (b) has for periods amounting in aggregate to not less than five years been
 - (i) an Employee, and/or
 - (ii) an employee (including a director holding a salaried employment or office) of any subsidiary (within the meaning of section 154 of the Companies Act 1948) of the Company, and/or
 - (iii) an employee (including a director holding a salaried employment or office) of any company which is or has been associated with the Company and who is offered participation in this Scheme by a decision of the Directors."

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

by order of the board
D. S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ

8 July 1982

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 40).
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 is a British industrial and mining group.

The principal industrial companies manufacture railway track components, mining equipment, building and insulation products, and heating, ventilation, and catering products.

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

Other activities include the supply of civil engineering, technical, financial, and administrative services.

FINANCIAL SUMMARY

	1982 £ million	1981 £ million
Profit before taxation	59.2	52.8
Attributable earnings	37.6	32.6
Extraordinary items – losses(1981: profits)	5.6	49.3
Net assets (including appreciation of investments)	447.1	497.0
Earnings per share	35.8p	31.1p
Dividends per share	11.0p	10.0p
Net assets per share	426p	473p

Statement by the chief executive

Results

Charter's earnings for the year to 31 March 1982, before tax and extraordinary items, were £59.2 million, against £52.8 million the previous year. Earnings after taxation and minority interests were £37.6 million, an increase of £5.0 million on the year ended 31 March 1981.

The earnings of the company, on a current cost basis, show a group profit before tax of £40.8 million, compared with £36.0 million for the year to 31 March 1981. The standard for current cost accounting remains at an experimental stage and is not entirely appropriate to Charter's mining and investment business.

A final dividend of 7.25p is recommended to give a total dividend of 11p per share. The dividend is 3.3 times covered by reported earnings for the year and 1.8 times covered by current cost earnings.

Although the economic recession in the United Kingdom continued through the year, affecting the profits of some of the industrial companies, this was outweighed by record profits from Beralt Tin and Wolfram and from Pandrol International, and by an increase in investment income. The recession severely affected Cape Industries and the results for the year were disappointing, particularly in the insulation division where market demand declined sharply, resulting in intense price competition. Cape's building and marine products and industrial contracting operations continued to produce good results, but poor demand also affected automotive manufacturing and distribution although losses in these businesses were substantially reduced.

Cape found it necessary during the year to take further action to close unprofitable activities and to continue to cut operating and overhead costs, although the capital programme to improve manufacturing facilities was maintained.

Heatrae-Sadia and MKR Holdings also suffered from the reduction in demand caused by the recession, although Paterex, which produces high precision components for the aerospace industry, achieved good results.

The United Kingdom market for mining equipment was affected by the reduction in orders for capital goods, offset to some extent by relatively high demand for spares. During the year our two subsidiary companies Perard and Torque Tension were merged, and the combined company is beginning to achieve success in export sales.

Pandrol International, the railway equipment and services group, produced excellent results, despite the restraints on public expenditure projects in many of its markets. Speno Rail Services in the United States operated successfully during the year and the company has designed and commenced construction of a new rail grinding train which will provide the most advanced service of its type in North America.

Beralt Tin and Wolfram, despite suffering from four months of strike action at the Panasqueira mine, achieved pre-tax profits of £5.1 million, the highest level yet. The programme to improve production, primarily by mechanization, continues.

Alexander Shand's United Kingdom and Middle East operations had a successful year despite the low level of construction activity, and the company has been awarded further coal production contracts by the National Coal Board. The new cement board factory in Malaysia has been completed and the plant is being commissioned. During the year Shand

decided to close the small coal operation at Fulton in the United States, but investigation of further coal producing properties is continuing.

Charter's income from investments was £22.6 million, an increase of £4.9 million over the previous year. This reflects higher dividends from Johnson Matthey, Malaysia Mining Corporation, Minerals and Resources Corporation (MINORCO), and Anderson Strathclyde, together with a full year's income from cash resources invested in government stocks. Surplus on realization of investments was £11.6 million, against £8.0 million in the previous year, and includes the profit realized on the sale of the investment in Haw Par.

Charter's share of retained profits of associated companies increased by £1.6 million to £17.0 million, reflecting the increased earnings of Johnson Matthey and Anderson Strathclyde. Malaysia Mining Corporation ceased to be an associate during the year, as did Beralt on becoming a subsidiary company.

Extraordinary items show a deficit of £5.6 million. These arise primarily from the programme of rationalization and closures at Cape which cost £6.7 million (including the interest of minority shareholders) and the costs of the closure of the Fulton mine.

Major developments

In August 1981 the offer to acquire Beralt Tin and Wolfram was completed and Charter now owns 75 per cent and our partners, Union Carbide, 25 per cent of the company.

Malaysia Mining Corporation amalgamated during the year with Malayan Tin Dredging, achieved a public quotation on the Kuala Lumpur, Singapore, and London stock exchanges, and, soon after the year end, acquired a controlling interest in one of the two tin smelters in Malaysia. The MMC group is one of the largest producers of tin concentrates in the world.

It is our intention to continue the policy of enlarging our active interests in industry and mining with the objective of building operating units which have a substantial share in their domestic market and can compete effectively in world markets.

The mining equipment industry is one in which Charter has increased its investment over some years. The merger of our small subsidiaries Perard and Torque Tension has created a company which offers a range of hard rock drilling equipment and underground haulage and strata support systems.

After the end of the financial year Charter made an offer to the shareholders of Anderson Strathclyde, in which we have held an interest of 28.4 per cent for two years, to acquire the balance of the company. Anderson is the major producer of coal cutting equipment in the United Kingdom. The Secretary of State for Trade has referred this offer to the Monopolies and Mergers Commission and thus for the moment it lapses. The overlap between the products of our mining equipment subsidiary and those of Anderson is minimal and the position will be considered by the Commission primarily in the light of the public interest. It is our belief that the acquisition would be positively beneficial to the economy and should enable this important company to achieve a stronger position in the supply of coal mining equipment, particularly in overseas markets. We have therefore decided to proceed with our case before the Commission.

Outlook

There is little sign yet of any substantive improvement from the recession in the United Kingdom. The deflationary policies adopted by the British Government and by the governments of most of the major industrial economies have been successful in reducing, albeit slowly, the level of inflation. Inevitably these policies have led to low demand, not least for metals, coupled with very high real interest rates. These are severe and abnormal conditions from which any general recovery will be slow.

In these very demanding circumstances I believe that we have made good progress in achieving a better balance between our mining and industrial operations and between our United Kingdom and overseas income. This, together with our strong financial resources, should enable Charter to withstand the effects of the recession.

We believe that the development programme we have planned carefully and are implementing is soundly based and will bring its rewards, particularly when stronger economic conditions return.

Directorate

Dr Alfred Spinks, our chairman, died in February this year. Alfred Spinks became chairman after a most distinguished scientific and commercial career with Imperial Chemical Industries. We had the benefit of his insight and judgement for only a short time but he will be very much missed.

Sir Philip Oppenheimer, the deputy chairman, and Mr H. F. Oppenheimer have indicated their wish to retire from the board at a time when they are reducing their business commitments. I would like to express the gratitude of the board and the shareholders for their wise counsel and guidance over many years.

Mr J. O. Hambro, who has been a director of your company since 1965, has accepted the invitation of the board to succeed Dr Spinks as chairman. We welcome his appointment, and I also welcome Mr G. W. Mackworth-Young, Mr A. E. Oppenheimer, and Mr N. F. Oppenheimer to the board.

On your behalf and on behalf of all my colleagues I would like to thank all employees of the Charter group for their efforts in the past year and their determination to succeed.



J. N. CLARKE
chief executive

London
24 June 1982

Review of interests and operations

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

INDUSTRIAL

Cape Industries PLC (67.3%)

The group manufactures fire protection, insulation, and building products, friction materials, and other automotive components. It installs industrial and domestic insulation together with related building services and is engaged in the distribution of automotive components.

The recession continued to affect nearly all the markets served by the company. Sales at £217 million were below the figure achieved in 1980, £219 million, and represented a significant fall in volume terms. Net profit before tax and extraordinary items fell to £2.2 million from £5.7 million in the previous year.

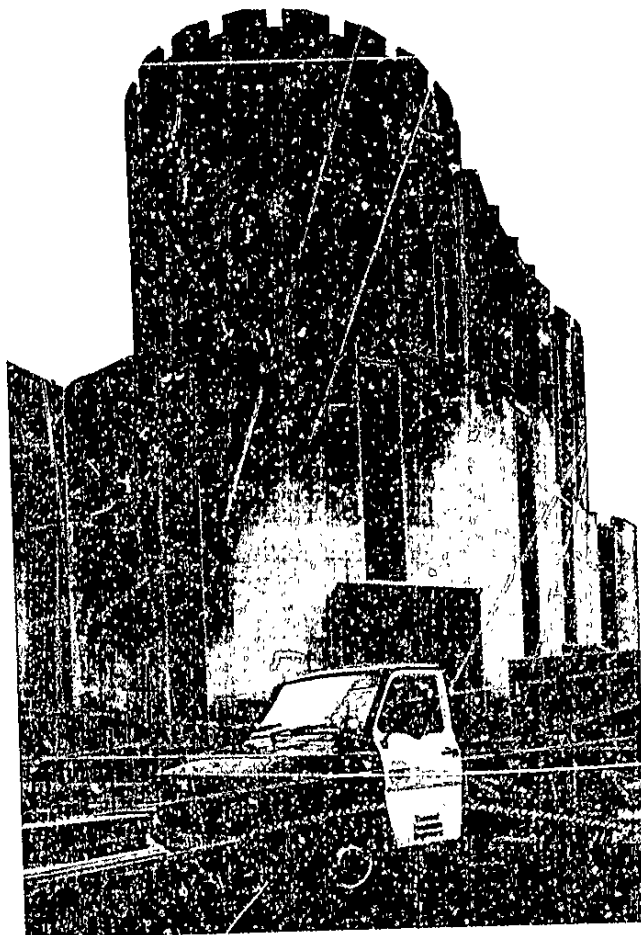
Further reorganization took place during the year to bring the operating costs in the business in line with demand expectations. This required numbers employed to be further reduced and some activities were closed or sold. Extraordinary costs incurred for this purpose totalled £6.7 million.

Demand for construction materials was generally lower than the year before but steps to improve efficiency enabled adequate returns to be made. Industrial contracting continued to do well in the United Kingdom. The international operations returned to profit as the earlier problems of loss making contracts were resolved.

The main difficulty during the year arose in the insulation division. This is a major area of activity which has been enlarged in recent years both by investment in new facilities and by the acquisition in 1980 of Newalls Insulation Company which has now been fully integrated into Cape Insulation with considerable cost savings. This expansion was pursued in the expectation that there would be a steady growth in demand for insulation products, arising from the recognized need for energy conservation. In the event, a combination of adverse factors resulted in a loss being made. These factors were the depressed state of the construction industry, which did not improve as expected in the latter half of the year, the withdrawal of government grants, and sharply increased competition at a time when reduced volumes created severe price erosion. Reductions in operating costs and overheads have left the division better placed to take advantage of any upturn in demand.

A large capital programme, especially in the building division, was undertaken with the object of modernizing capacity, so as to reduce costs, and to provide capacity for the manufacture of new products. These investments will be of great value to the company as demand improves but the need to conserve cash means that the programme in the current year must inevitably be reduced.

During the year further progress was made in restructuring



Cape Contracts carried out all the thermal insulation on the turbines, station pipework, and vessels at the CEGB's Dungeness 'B' nuclear power station due to be commissioned in 1982

turing the automotive division. Despite continuing depressed conditions in both original equipment and replacement markets, the friction material activities achieved a breakeven position after the heavy loss of the previous year though the distribution companies again made a loss.

The prospect is that there will be some slight improvement in the United Kingdom economy in the current year though this is unlikely to be marked. As demand and prices improve, since operating costs have been reduced, the company's results should improve.

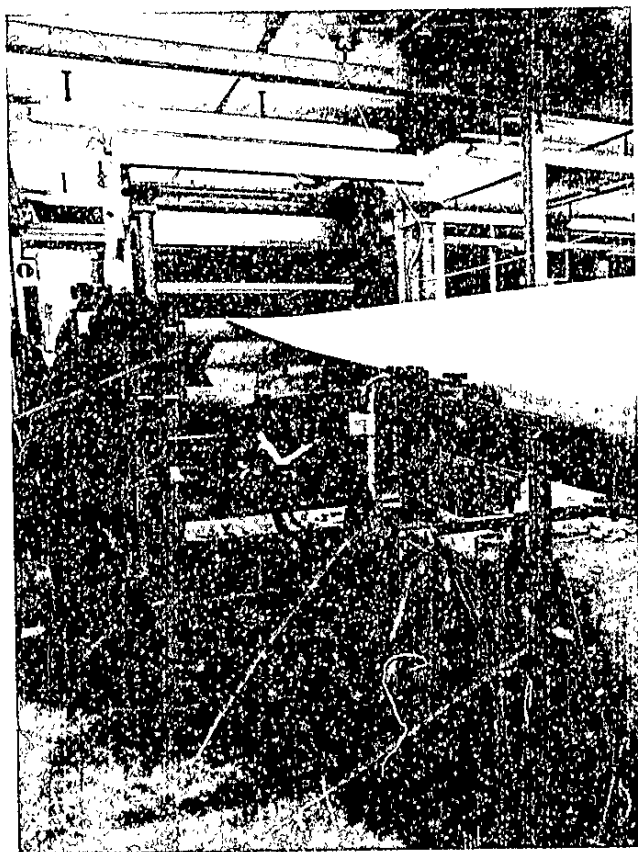
Heatrac-Sadia Holdings Limited (100%)

The group's main business is the manufacture of space and water heating equipment for industrial, commercial, and domestic use and of commercial catering and refrigeration equipment. The recession, linked with high interest rates, obliged Heatrac's

distributors to reduce their stocks significantly, effectively reducing Heatrac's market for some products by as much as 20 per cent.

Group sales for 1981 totalled £20.3 million, only slightly higher in nominal terms than the £19.8 million achieved in 1980, in spite of a full year's contribution from Oliver Tom's Catering Equipment, purchased in August 1980. Trading profits were substantially lower at £257,000, compared with £1.1 million in 1980, reflecting the difficulty of achieving profit margins in a depressed market.

During 1981 the group set up a new assembly operation in Singapore and further established its products in the Middle East. Through these outlets Heatrac expects to increase export sales which in 1981 totalled £2.4 million. The home market is not seen as a growth area this year but the company is carrying out a policy of increased mechanization, cuts in overheads, and product rationalization, which should improve margins and profit levels as demand recovers.



Multicellular styrene foil being manufactured by Omega Plastics, part of Heatrac-Sadia, at the Norwiche factory

MKR Holdings Limited (100%)

The group manufactures bar cooling and dispensing equipment and furniture for brewers, distillers, and the hotel and catering trades. It also supplies commercial heating and ventilation equipment for environmental control and manufactures machined components for the aerospace industry.

The recession continued to affect major customers adversely during 1981 and the group adapted its scale

of operations to this lower level of activity. Sales for 1981 were £19.5 million, compared with £21.6 million in 1980, and trading profits fell from £740,000 to £610,000. There is still no sign of a sustained revival in the brewing industry and the total market for drink cooling and dispensing equipment is expected to be similar to last year.

During 1981 the group launched its Microptic bar management system. This system introduces computer processing into bar management, providing the user with constant monitoring at all service points by the application of sensing devices linked to a computer.

Overall, the group's expectations for 1982 are better than last year, with the benefits of reduced overheads helping to restore margins, and with continued product development.



Part of the computer bar management system installed in the 'Spinning Wheel' restaurant, Westerham, Kent, designed and produced by the MKR group's Logic Engineering company

Pandrol International Limited (100%)

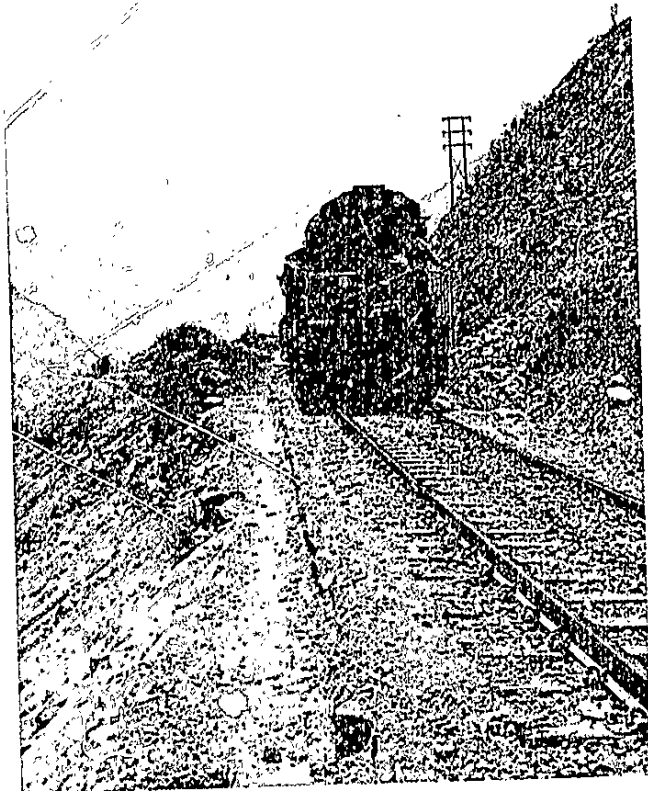
The Pandrol group's main activities are the design and manufacture of railway track fastening systems and equipment, supplied world-wide, and the provision of railway track services in North America.

Group sales from its British, Australian, Belgian, Brazilian, Canadian, and United States operations totalled £25.7 million, compared with £20.6 million in 1980, and included exports from the United Kingdom of £5.3 million. Group trading profits increased to £3.9 million from £3.0 million achieved in 1980. The results for 1981 include profits from the 50 per cent interest in Speno Rail Services acquired by Pandrol in February 1981. Speno Rail Services provides railway track services in North America in the form of rail grinding and ballast cleaning. The acquisition gives Pandrol a further opportunity for growth in rail related business. The results also include an

increased contribution to trading profit from operations in the United Kingdom, which benefited from accelerated deliveries on a major overseas contract.

The loss of sales in the United Kingdom due to the rail dispute and cash pressures on national railway systems throughout the world, induced by the recession, make the short term outlook less encouraging. Nevertheless, capital investment is being maintained and includes a new Speno grinding train, a major redevelopment in Australia, and new dynamic testing facilities in the United Kingdom.

Pandrol fastenings are now manufactured in twelve countries and over 80 per cent of group sales are generated outside Britain. An evolutionary rail fastening system, incorporating the 'e' series illustrated on the front cover, is now undergoing trials on several major railways.



Rail clips manufactured and supplied by Pandrol International in use on Peruvian State Railways track

Perard Investment Holdings Limited (100%) Torque Tension Limited (100%)

The activities of these two companies were merged on 1 January 1982. Both companies manufacture mining equipment, particularly for underground coal mining. Their combined range of products includes chainless haulage and cable handling systems, hydraulic drilling equipment, and strata support systems.

The constraint on capital expenditure by the major customer, the National Coal Board, in 1981 inevitably

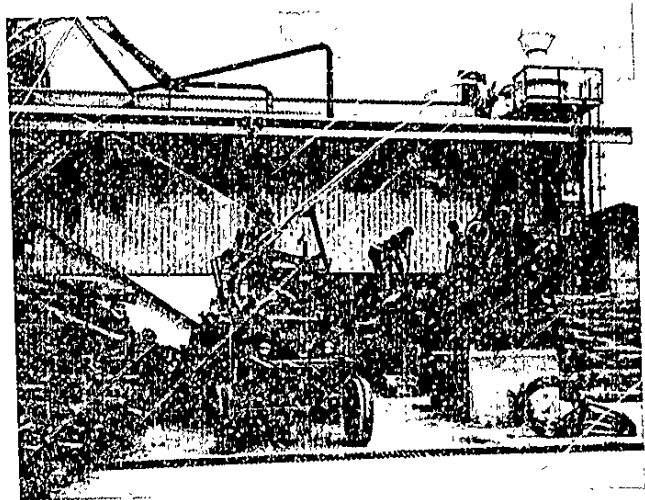
affected sales, although a high level of spares equipment and servicing enabled the companies to achieve turnover of £9.4 million, on which trading profits of £529,000 were earned.

Although little recovery is foreseen for the home market in 1982, the combined company has won important export contracts for delivery in this year and is confident of a substantial increase in sales and profits.

MINING

Alexander Shand (Holdings) Limited (100%)

The Shand group, which was acquired from British Petroleum on 28 April 1981, is primarily engaged in opencast coal mining, quarrying, civil engineering, and building. Overseas areas of operation include the Middle East, the United States, and Malaysia.



The Shand group's new woodchip cement board factory in Malaysia

In 1981 on a turnover of £58.7 million a pre-tax trading profit of £3.3 million was achieved, of which £0.9 million was earned prior to the acquisition by Charter. During the year the decision was taken to close the Fulton strip mine in Fountain County, Indiana. The closure costs are anticipated to amount to £1.2 million and have been provided for in the accounts. Exploration in surrounding areas has failed to identify additional coal reserves and with a reduced reserve life the operation is uneconomic.

In the United Kingdom contract coal mining for the National Coal Board continues to be the most important activity of the group. Production in 1981 was in excess of one million tons from eight sites. In 1981 two new contracts in Wales, Ffyndaff and East Pit, were awarded and recently two further contracts, Canal and Coalfield North in Leicestershire, have been won. With these awards the mining division has a healthy future work load. In the United States efforts continue to identify and acquire suitable opencast properties.

In civil engineering and building a reasonable performance was achieved despite the recession, with particularly good results being obtained by the

Morrison group in Scotland and Al-Rasheed Shand in Saudi Arabia, the latter being principally engaged in pipelaying and associated works for the Royal Commission for Jubail and Yamb'a.

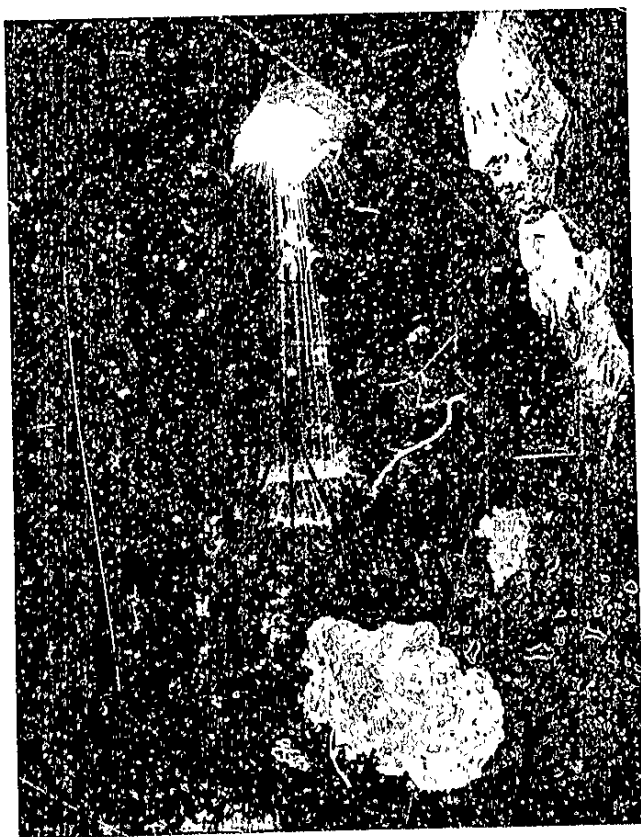
On the manufacturing side good results were achieved by Shand Engineering at Immingham whose principal activity is the manufacture of hose couplings. In Malaysia construction of Cemboard Malaysia's factory at Seremban to produce woodchip cement boards was completed. Production has now begun on a trial basis.

Beralt Tin and Wolfram Limited (75%)

The offer by Charter and Union Carbide, mentioned in last year's report, for the balance of the shares in Beralt was accepted and became effective on 4 August 1981. As a result, Charter now holds 75 per cent and Union Carbide 25 per cent.

Beralt's principal asset is an 80.6 per cent interest in Beralt Tin & Wolfram (Portugal) (BTWP) which operates a tungsten mine at Panasqueira in central Portugal. BTWP owns 80.5 per cent of Minas da Barralha which produces wolframite and scheelite concentrates and converts them to ferro-tungsten.

Concentrate production at Panasqueira in 1981 amounted to 1,808 tonnes of wolfram, 2,131 tonnes of copper, and 147 tonnes of tin, compared with 2,145, 2,527, and 133 tonnes in 1980. The reduction in output was due principally to industrial action by the miners' union between April and August and a slightly lower recovered grade of wolfram. These factors were partly



Development operations underground at the Panasqueira, Portugal, mine of Beralt Tin & Wolfram

offset by the benefits of the continuing mechanization programme and higher grades of tin and copper.

Operations at Barralha showed an improvement with production of wolframite and scheelite concentrates up from 317 tonnes in 1980 to 355 tonnes, and ferro-tungsten output at 244 tonnes, compared with 199 tonnes in 1980.

Profit before tax and minority interests of Beralt increased from £4.2 million in 1980 to £5.1 million in 1981.

BTWP has declared a dividend of 300 million escudos (£2.1 million), compared with 200 million escudos in respect of 1980, although Beralt does not expect to receive its share until the final quarter of 1982.

Efforts to maximize metal recoveries and to increase efficiency through mechanization will continue throughout 1982. However, the Metal Bulletin mean tungsten price for the first quarter of 1982 averaged only US\$123 per metric ton unit, compared with US\$144 for the whole of 1981, and has since declined further. Against this background it is unlikely Beralt's profits in the current year will be able to match the record results achieved in 1980 and 1981.

Cleveland Potash Limited (CPL) (50%)

CPL owns and operates a potash mine in north-east England. As reported last year, operations were restructured in December 1980, involving a reduction of the labour force from 1,500 to 850.

During 1981 output was 466,000 tonnes of potash, 92 per cent of 1980's production, achieved with 58 per cent of the 1980 workforce, representing an improvement in productivity of 58 per cent, a remarkable achievement by the workforce and management.

Owing to the very weak potash market, CPL incurred a trading loss before depreciation of £1.9 million in 1981, as against £9.6 million in 1980. This deficit, together with increased stock levels and capital expenditure, required funding of £4 million during the year, of which £3 million was financed by a bank overdraft and the balance of £1 million was provided under the terms of the agreement of October 1979 by Anglo American Corporation of South Africa, which holds the other 50 per cent of the equity of CPL.

The improvement in the mine's performance has been maintained since the beginning of 1982. The weakness of the potash market remains, however, the major obstacle to the mine securing profitability.

Malaysia Mining Corporation Berhad (MMC) (13.8%)

During the past financial year the proposed amalgamation of MMC and Malayan Tin Dredging (MTD) was completed. The merged company is one of the largest tin producers in the world and listed on the Kuala Lumpur, London, and Singapore stock exchanges. The acquisition of a controlling interest in the Straits Trading Company's smelting activities in Malaysia was completed a few days after the year end and has since been incorporated as an integral part of the enlarged MMC, in which Charter has a 13.8 per cent interest.

The MMC group's interests continue to be centred principally in tin mining and metal marketing in Malaysia and Thailand with a small Nigerian tin mining investment. The group also has a significant interest in Sime Darby, the plantation and trading group, and the Ashton Mining diamond prospect in Western Australia which is continuing its planned development.

The enlarged MMC group profits before tax amounted to M\$69.1 million for the seven month period ended 31 January 1982, with the major part of the profits arising from the tin mining operations in the Far East and the metal marketing activities. The group's production of tin concentrates amounted to 20,031 tonnes in the year to 31 January 1982, compared with 20,900 tonnes in the previous year. Last year it was predicted that Malaysian tin production would fall over the next few years. In fact production has been effectively reduced by the action of the International Tin Council in imposing export cuts on its producer members in order to stabilize the price.

Exploration

Charter's exploration programme has been aimed primarily at precious and non-ferrous metals, especially tin and tungsten. Drilling results at the low grade disseminated gold prospect at Salave, in northern Spain, have been encouraging although further geological and metallurgical work will be necessary before the commercial significance of the property can be assessed. Research has continued into the treatment of the small polymetallic deposit discovered at Otero, near Segovia.

In the North Sea the detailed seismic evaluation of the seventh round licences, awarded to the group led by Burmah Oil in which we participate, has been completed and drilling on both blocks (12/27 and 22/2) is now planned. Having regard to the recent development of the oil business and the economies of exploration in the North Sea, the sale of an interest in Charter's oil exploration subsidiary has been arranged since the year end.

INVESTMENT

Anderson Strathclyde PLC (28.4%)

Anderson Strathclyde is one of the largest manufacturers of underground coal mining equipment in western Europe. The group produces coal shearers, used in the longwall system of mining, armoured face conveyors, belt conveyors, roadheaders, and related equipment. While the United Kingdom remains its largest sphere of operations, the group has developed export outlets and has subsidiaries in Australia, South Africa, and the United States, where a new factory has been built.

Sales rose by 18.7 per cent to £100 million, compared with £84.2 million the previous year. Earnings were £8.1 million, compared with £4.7 million for 1981, and earnings per share were 17p (1981 - 10.4p). Dividends declared and proposed by the company amount to 6p per share (1981 - 4p).

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

AMZIM's interests in Zimbabwe include large interests in coal and nickel mining, iron and steel production, ferro-chrome 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 1981 of Z\$10.4 million, compared with Z\$5.9 million in the previous year. Dividends equivalent to 13.5 cents per share were declared on a share capital increased by a one-for-one scrip issue (1980 - 7 cents after adjustment for the scrip issue). The increase in profits was largely attributable to increased income from nickel, sugar, and other investments.

AMZIM's profits for the current year are expected to be slightly lower than those for 1981 and there is likely to be a significant reduction next year as a result of the effect of the world recession on commodity prices.

Botswana RST Limited (BRST) (4.5%)

BRST has an interest of 85 per cent in BCL which owns a nickel/copper mining operation at Selebi-Phikwe in the Republic of Botswana.

Production in 1981 of nickel/copper matte was a record 46,565 tonnes, following 1980's previous best of 40,099 tonnes. BRST made an operating profit in 1981 of P13.0 million, compared with P32.8 million in 1980. After deducting interest payable of P68.0 million and exchange losses of P8.0 million, the loss on current operations was P62.6 million, compared with a loss of P13.5 million in 1980.

The reduction in operating profit was mainly caused by weak metal prices which resulted in total sales of P80.3 million (45,769 tonnes of matte), compared with sales in 1980 of P107.9 million (51,454 tonnes). Interest rates in 1981 were higher than 1980 and, because much of the indebtedness of the company is denominated in dollars and Deutsche marks, the strength of the dollar and the Deutsche mark relative to the pula resulted in exchange losses.

The company's financial difficulties led to an agreement by all lenders to defer the interest due to them at 31 December 1981 and 31 March 1982 while negotiations to restructure the obligations are being pursued.

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 taxation for the year ended 30 September 1981 was £4.7 million, compared with £4.5 million in the previous year. The associated company Chemical and Allied Products, which trades in Nigeria, had a satisfactory year, and the profit of Dukon, which manufactures paints in Zambia, increased, but there were lower profits from Twiga Chemical Industries (Tanzania) and Twiga Chemical Industries, which trades in Kenya, compared with the previous year.

Johnson Matthey Public Limited Company (28%)

The company and its subsidiaries form a British based metals refining and industrial group. It has international interests in trading in precious metals, metal refining, chemicals, mechanical products, colours and transfers, printing, and banking. The group's profits before taxation for the year to 31 March 1982 were £49.6 million (1981 - £45.6 million). Earnings per share were unchanged at 27.4p, and dividends of 10p per share were declared for the year (1981 - 9.5p).

Johnson Matthey's results for the year have been achieved against the background of a world recession and falling precious metal prices. Although the profits do not show as high a rate of growth as the two preceding years, the out-turn is more than satisfactory in the present environment. Johnson Matthey Bankers, which operates metal dealing companies, have returned significantly improved trading results for the year. Wherever possible the company has reduced its operating costs so as to be well placed to benefit from any upturn in the world economy.

There has been an active investment programme in North America expanding all aspects of the company's jewellery interests. The autocatalyst business in North America has also been expanded during the year and, whilst results are satisfactory, a significant improvement is anticipated once demand in the United States car market shows signs of recovery.

Johnson Matthey has also continued its investment programmes in the high technology application of pigments, the production of pastes and powders for the electronic industry, recycling processes for strategic metals, and the production of organic intermediates for a whole range of industries such as chemicals, plastics, and pharmaceuticals.

Minerals and Resources Corporation Limited (MINORCO) (9.8%)

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

Charter's holding in MINORCO was increased from 9.9 per cent to 10 per cent in August 1981. In December 1981, however, following the issue of 3.8 million shares by MINORCO to finance part of the purchase of an indirect stake in Empresas Sudamericanas Consolidadas (a group with extensive mining and industrial activities in South America), Charter's holding was diluted to 9.8 per cent.

MINORCO's earnings from operations for the year to 30 June 1981, before group share of retained net earnings of associates, was US\$28.2 million. The results of the previous year are not comparable due to the additional investments acquired in December 1979 and February 1981. The equity share of earnings of associated companies was US\$158.7 million and was again not comparable with the previous year. Net earnings

for the year, after equity earnings, minorities, and extraordinary items, amounted to US\$171.8 million from which total dividends of 22 cents per share were declared (1980 - 20 cents). The results of MINORCO's principal investments are set out below.

Following the acquisition by MINORCO of 29 per cent of Consolidated Gold Fields (Gold Fields) in February 1981, MINORCO equity accounted the earnings of Gold Fields for the period from 24 February to 30 June 1981. In the year to 30 June 1981, Gold Fields made a profit after tax for the year of £114.3 million. The results were helped by the high gold price and profits on various financial transactions including the realization of a £23 million gain on the sale of the company's interests in North Broken Hill. Since Gold Fields' year end it has acquired a 22 per cent stake in Newmont Mining Corporation for US\$357 million.

Simultaneously with the acquisition of 29 per cent of Gold Fields, MINORCO acquired 35.8 per cent of Charter and equity accounted the earnings of Charter from 24 February to 31 March 1981.

In May 1981, the shareholders of Engelhard Minerals & Chemicals Corporation (EMC) approved the separation of EMC into two separate companies, Phibro Corporation (formerly the Philipp Brothers division) and Engelhard Corporation (in which the businesses of the former Engelhard Industries and Minerals & Chemicals divisions were consolidated). MINORCO has an interest of 27 per cent in each of these companies. In August 1981, Phibro announced that it had acquired the business of Salomon Brothers, the Wall Street investment banking firm, for a consideration of US\$250 million of convertible notes which if converted would be equivalent to 11.6 per cent of the equity of Phibro and would reduce MINORCO's interest to 24 per cent. In addition US\$300 million new equity was subscribed by Phibro in Salomon Brothers. For the year to 31 December 1981, the profits of Phibro were US\$289.3 million while Engelhard Corporation profits were US\$71.6 million, together amounting to US\$360.9 million, compared with the profits of EMC for 1980 of US\$532.7 million.

MINORCO holds 10 per cent of Anglo American Investment Trust (ANAMINT) which in turn holds as its principal investment a 27 per cent equity interest in De Beers Consolidated Mines as well as interests in various diamond trading companies. In the year to 31 March 1982, ANAMINT made a profit of R187 million including ANAMINT's equity accounted share of De Beers' undistributed earnings, compared with R216 million in 1981. The results for the year to 31 March 1982 were adversely affected by the De Beers results for the year to 31 December 1981.

MINORCO owns 44 per cent of the equity of Hudson Bay Mining and Smelting Co. (HUBBAY) through its subsidiary Minorco Canada. HUBBAY, based in Toronto, is a diversified natural resource corporation with investments in metals, petroleum, fertilizers, and chemicals, located in Canada and the United States. Due to the low metal prices throughout 1981, HUBBAY reported a loss after tax of C\$10.8 million for the year to 31 December 1981, after taking into account the profits and losses of associates. MINORCO and HUBBAY each own 50 per cent of Inspiration Consolidated

Copper Company, Terra Chemicals, and the recently formed Inspiration Coal Company.

MINORCO's other major investments are an interest of 43 per cent in Trend International and 17 per cent in Francana Oil & Gas (FOG), which are both involved in oil and gas exploration and development. HUSBAY owns 58 per cent of FOG which in turn owns the remaining 57 per cent of Trend. During 1981, FOG acquired 27 per cent of Adobe Oil & Gas Corporation for US\$140 million. A reorganization of these holdings was proposed in February 1982 and is being considered by the affected parties and various regulatory bodies.

The Rio Tinto-Zinc Corporation PLC (RTZ) (4.0%)

RTZ and its subsidiaries form a British based international group of mining and industrial companies.

Net profit attributable to RTZ shareholders for the year to 31 December 1981 before extraordinary items was £102.3 million, some 34 per cent lower than the 1980 figure of £155.4 million. Revenue increased to a record £3,021 million from the previous £2,796 million, largely owing to the decline in the sterling exchange rate.

The major share of the decline in profit was accounted for by CRA whose attributable profits were down some 85 per cent and by the group's copper operations (Bougainville, Lornex, and Palabora). These declines were not unexpected, however, given the collapse in most metal prices during the last year. R.T.Z. Borax's net profit was substantially improved, up some 50 per cent to £52.2 million, reflecting both improved borax operations and a lower sterling exchange rate in translating profits from the United States. RTZ's other principal activities such as Rössing Uranium

and R.T.Z. Industries showed no major variation from 1980.

During the early part of 1982 RTZ's bid for Thos. W. Ward, the United Kingdom industrial and construction company, was successful and involved the outlay of some £128 million based on the cash alternative price. Having thereby also acquired control of Tunnel Holdings, the United Kingdom cement producer, and in accordance with its stated intention at the time of the Ward bid, RTZ subsequently made an offer for the balance of the Tunnel shares not already owned directly or through Ward. This offer has become unconditional and will cost approximately £70 million based on the cash alternative price. Results from Ward and Tunnel were not included in RTZ's 1981 figures.

Tara Exploration and Development Company Limited (14.1%)

The company'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 1981, 0.8 million tonnes of ore were milled (1980 - 1.8 million tonnes), producing 175,680 tonnes of zinc concentrates (1980 - 354,349 tonnes) and 27,555 tonnes of lead concentrates (1980 - 52,416 tonnes). Tara Exploration made a loss after tax and extraordinary items of US\$10.0 million in 1981, compared with a profit in 1980 of US\$0.1 million.

The adverse results experienced in 1981 were a result of a strike by craftsmen which commenced in June 1981 and which lasted eight months. The dispute has since been resolved and production was resumed on 22 February 1982.

Report of the directors

The directors submit their seventeenth annual report, with the audited accounts, for the year ended 31 March 1982.

The group's activities during the year have been dealt with in the review of interests and operations on pages 7 to 13.

Dividends and reserves

The board has recommended a final dividend of 7.25p per share payable on or about 12 August 1982 which with the interim dividend of 3.75p per share paid on 7 January 1982 makes a total dividend for the year to 31 March 1982 of 11p per share, carrying a tax credit of 4.71428p per share. The cost of the dividend to the company will be £11,558,000, compared with £10,497,000 for the previous year.

After deducting this amount from the profit attributable to Charter and deducting extraordinary items, the amount transferred to reserves was £20,501,000, compared with £71,433,000 in the previous year. Movements on reserves are shown in the consolidated profit and loss account on page 20.

Directorate

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

It is recorded with regret that Dr A. Spinks, chairman of the company, died on 11 February 1982. 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.

Mr M. W. Thomas retired on 11 August 1981 at the annual general meeting, Mr B. W. Pain on 31 December 1981, and Mr H. F. Oppenheimer on 22 June 1982. Mr A. T. B. Shand and Mr G. W. Mackworth-Young were appointed directors on 29 April 1981 and 16 February 1982 respectively, and Mr A. E. Oppenheimer and Mr N. F. Oppenheimer on 22 June 1982. Mr G. W. Mackworth-Young, Mr A. E. Oppenheimer, and Mr N. F. Oppenheimer hold office only until the forthcoming annual general meeting but offer themselves for reappointment.

In accordance with the company's articles of association Mr J. O. Hambro, Mr M. B. Hofmeyr, and Mr G. W. H. Rely retire by rotation but offer themselves for reappointment.

Issued share capital

On 7 September 1981 the directors allotted 69,270 shares under the company's profit sharing scheme adopted on 11 August 1981, and granted to executive directors and senior employees options to subscribe for a total of 83,695 shares, exercisable between 7 September 1984 and 6 September 1988 at a price of 264p per share, under the company's share option scheme adopted in 1973.

During the year 23,000 partly paid shares issued under the company's share incentive scheme became fully paid and in consequence 10,131 fully paid shares subject to restricted rights became free of restriction.

The issued share capital at 31 March 1982 accordingly stood at £2,104,606 in 105,075,268 fully paid shares of 2p each, 164,900 partly paid shares of 2p each (1p paid), and 72,620 fully paid shares of 2p each subject to restricted rights (see note 17 on the accounts on page 30).

Proposed new articles of association

Attention is drawn to the enclosed circular giving details of proposed new articles of association for the company which shareholders will be asked to approve at the forthcoming annual general meeting.

The recasting of the articles has involved changing many of the article numbers. Accordingly it is necessary to amend certain cross references to the articles in the company's share incentive scheme adopted in 1970 in order to avoid possible future problems for the company and the participants in the scheme. The appropriate amendments to the scheme, which are formal and do not alter the substance of the rights and obligations of the participants, are included in the resolution which shareholders are being asked to approve. A revised copy of the scheme, incorporating the amendments made in 1977 together with those referred to above, is available for inspection with the proposed new articles of association.

Amendment to profit sharing scheme

Shareholders approved last year the introduction of a profit sharing scheme for all employees of the company with a minimum of five years *continuous* service. This excludes a small number of employees who have served the qualifying period in aggregate although made up of two or more broken periods of service with the company or with the company and companies associated with it. In order to remove this anomaly shareholders are asked to approve the necessary

amendment to the scheme rules extending eligibility to participate which is being submitted as special business to the forthcoming annual general meeting.

General information

Pursuant to the Companies Act 1980, the company was re-registered as a public company with the name Charter Consolidated P.L.C. with effect from 19 June 1981. Existing share certificates and share warrants to bearer remain valid.

The book value of the group's fixed assets in the historical cost accounts increased from £85,539,000 to £120,237,000 during the year. This was largely due to the consolidation of the fixed assets of Alexander Shand (Holdings) Limited and Beralt Tin and Wolfram Limited. 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 page 38. Other particulars which constitute part of this report are contained under the heading 'general information' on pages 39 and 40.

by order of the board
D.S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ

22 June 1982

Five year financial record

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

	1982 £000	1981 £000	1980 £000	1979 £000	1978 £000
EARNINGS (year to 31 March)					
Profit before taxation	59,227	52,791	52,349	44,547	43,087
Taxation	19,502	18,721	20,752	17,965	14,387
	<u>39,725</u>	<u>34,070</u>	<u>31,597</u>	<u>26,582</u>	<u>28,700</u>
Outside shareholders' interest (1982 includes profit sharing)	2,098	1,476	3,659	3,591	3,265
	<u>37,627</u>	<u>32,594</u>	<u>27,938</u>	<u>22,991</u>	<u>25,435</u>
Earnings attributable to shareholders	11,558	10,497	8,760	9,043	8,703
Dividends paid	<u>26,069</u>	<u>22,097</u>	<u>19,178</u>	<u>13,948</u>	<u>16,732</u>
	<u>35.81p</u>	<u>31.05p</u>	<u>26.63p</u>	<u>21.93p</u>	<u>24.26p</u>
Earnings per share					
Dividends per share (net of imputed tax credit)	<u>11.00p</u>	<u>10.00p</u>	<u>8.35p</u>	<u>8.62p</u>	<u>8.30p</u>
NET ASSETS (at 31 March) including investments at market or directors' valuation					
Investments	186,206	186,227	142,711	158,306	182,616
At book amount	127,382	206,244	99,464	123,933	80,242
Appreciation of investments	<u>313,588</u>	<u>392,471</u>	<u>242,175</u>	<u>282,239</u>	<u>262,858</u>
Market or directors' valuation	13,434	278	—	—	—
Assets under finance leases to third parties					
Fixed assets and exploration and development expenditure	120,549	86,080	68,449	75,027	63,897
Alexander Shand group of companies	—	24,926	—	—	—
Net current assets	<u>57,641</u>	<u>32,755</u>	<u>54,246</u>	<u>52,480</u>	<u>39,608</u>
	<u>505,262</u>	<u>536,510</u>	<u>364,870</u>	<u>409,746</u>	<u>366,363</u>
Long term indebtedness, minority interest, capital expenditure grants, and deferred taxation	58,137	39,499	40,597	69,093	78,759
	<u>447,125</u>	<u>497,011</u>	<u>324,273</u>	<u>340,653</u>	<u>287,604</u>
Net assets					
Net assets per share	<u>426p</u>	<u>473p</u>	<u>309p</u>	<u>325p</u>	<u>274p</u>
Represented by:					
Issued share capital	2,105	2,103	2,103	26,215	26,212
Share premium	12,351	12,125	12,064	30,695	30,683
Reserves	<u>305,287</u>	<u>276,539</u>	<u>210,642</u>	<u>159,810</u>	<u>150,467</u>
	<u>319,743</u>	<u>290,767</u>	<u>224,809</u>	<u>216,720</u>	<u>207,362</u>
Appreciation of investments	127,382	206,244	99,464	123,933	80,242
	<u>447,125</u>	<u>497,011</u>	<u>324,273</u>	<u>340,653</u>	<u>287,604</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).

Accounts

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

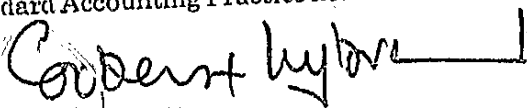
Report of the auditors

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 1982 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, 5 July 1982

Accounting policies

1. Basis of consolidation	(i) The accounts are prepared on the historical cost basis of accounting except for certain assets included at revaluation. Current cost accounts are prepared in accordance with Statement of Standard Accounting Practice no. 16 and are supplementary to the historical cost accounts. (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 terminate on 31 December. Details of these subsidiaries are shown on pages 36 and 37. (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 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. (iv) These accounts have been prepared in compliance with section 152A of and schedule 8A to the Companies Act 1948.
2. Foreign currencies	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. 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.
3. Income from investments	(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 United Kingdom government stocks is accounted for on a receivable basis. (ii) No account is taken of investment income which is held in the country of origin pending approval for remittance from that country.
4. Investments	(i) Investments have been classified into portfolio and long term holdings. Investments are deemed to be long term when they are considered to be of strategic importance to the group and are not held with the intention of resale. If, due to changed circumstances, long term investments cease to be of strategic importance they are reclassified as portfolio investments. (ii) Profits less losses arising on disposal of portfolio investments are included in the profit and loss account as surplus on 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. (iii) Investments are included at cost unless the aggregate of market value and directors' valuation is less than book value or when, in the opinion of the directors, a permanent loss in value has arisen on any investment. The loss in value of long term investments is charged as an extraordinary item in the profit and loss account.
5. Turnover	Turnover is the invoiced value of sales and services of industrial and mining subsidiaries and excludes both transactions between group companies and sales turnover taxes.
6. Capital expenditure grants	Grants in respect of capital expenditure are credited to 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.
7. Depreciation	Fixed assets are written off evenly over their expected useful lives, with the exception that no depreciation has been provided on freehold land. The following rates are normally applied: Freehold buildings – 2 per cent per annum Leasehold property – the period of the lease or 2 per cent per annum for leases in excess of 50 years Plant, furniture, and fittings – 10 to 25 per cent per annum. Depreciation on assets qualifying for capital expenditure grants is calculated on their full cost (see policy 6).

8. Technical development expenditure	Group expenditure on research and development, patents, and trade marks is written off when incurred.
9. Deferred taxation	Provision is made for deferred taxation at the rate of corporation tax ruling at the year end, except in respect of any tax reduction which is reasonably expected to continue for the foreseeable future. Debit balances are carried forward in the balance sheet where there is a reasonable certainty of recovery in the near future. Advance corporation tax on dividends payable after the balance sheet date is included with deferred taxation.
10. Stocks and work in progress	Stocks and work in progress, 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	(a) The development of existing mining areas This expenditure, being part of the general development of the mine, is charged against operating profit. (b) General prospecting and exploration (i) 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. (ii) Further expenditure on prospects showing development potential, including expenditure on drilling for oil, is carried forward as an asset in the consolidated balance sheet under the heading of exploration and development 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. (c) 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 (b)(ii) 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	Income receivable from finance leases is credited to the profit and loss account to give a constant periodic rate of return on the net cash investment. Assets under finance leases to third parties are stated in the balance sheet at the total rentals receivable less profit allocated to future periods.

Consolidated profit and loss account

Year ended 31 March 1982

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

	Note	1982 £000	1981 £000
Revenue			
Operating profit of industrial and mining subsidiaries	1	13,490	13,615
Income from investments	2	22,611	17,674
Share of retained profits of associated companies	3	16,982	15,416
Surplus on realization of investments		11,552	8,037
Interest receivable		7,934	9,005
		<u>72,569</u>	<u>63,747</u>
Expenditure			
Administration and technical	1	5,035	4,551
Prospecting		968	531
Interest payable	4	7,339	5,874
		<u>13,342</u>	<u>10,956</u>
Profit before taxation		<u>59,227</u>	<u>52,791</u>
Taxation	8	19,502	18,721
Profit after taxation before extraordinary items		<u>39,725</u>	<u>34,070</u>
<i>Deduct:</i>			
Interest of outside shareholders in profits of subsidiaries		2,000	1,476
Profit sharing scheme		98	—
		<u>2,098</u>	<u>1,476</u>
Profit attributable to Charter		<u>37,627</u>	<u>32,594</u>
Earnings per share 35.8p (1981 – 31.1p)	6		
Dividends paid and proposed	7	11,558	10,497
		<u>26,069</u>	<u>22,097</u>
Extraordinary items	9	(5,568)	49,336
Retained profit transferred to reserves		<u>20,501</u>	<u>71,433</u>
Profit for the year after extraordinary items totalled £32,059,000 (1981 – £81,930,000)			
Movements on reserves			
Reserves at 31 March 1981		276,539	211,282
Retained profit for the year		20,501	71,433
Net effect of translation of currencies		9,580	(633)
Premium on purchase of shares in subsidiary companies		(4,399)	(1,726)
Timing differences as a result of accounting for dividends from associated companies on a receivable rather than a received basis	2	2,889	—
Profit sharing scheme (1981)		(85)	—
Goodwill written off in the accounts of associated companies		(180)	(5,682)
Surplus on revaluation of an associated company's properties		442	1,865
Reserves at 31 March 1982	19	<u>305,287</u>	<u>276,539</u>

The consolidated reserves at 31 March 1980 and the consolidated profit and loss account comparatives for 1981 have been adjusted for the change in policy by Cape Industries PLC whereby any additional liability in respect of industrial disease claims is charged to operating profit.

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

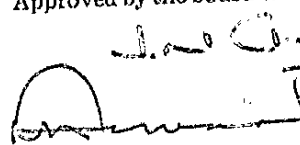
Consolidated balance sheet

31 March 1982

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

	Note	1982 £000	1981 £000
Fixed assets	11	120,237	85,539
Exploration and development expenditure		312	541
Investments	10	186,206	186,227
Market or directors' valuation £313,588,000 (1981 - £392,471,000)			
Alexander Shand group of companies		—	24,926
Assets under finance leases to third parties		13,484	278
Current assets			
Stocks and work in progress	12	82,413	55,197
Debtors	13	85,022	78,055
Short term loans and deposits		36,287	61,519
Bank and cash balances		3,511	2,468
		<u>207,233</u>	<u>197,239</u>
Current liabilities			
Associated companies' and other deposit accounts		8,154	10,600
Bank loans and overdrafts (secured - £1,696,000; 1981 - £441,000)		16,632	23,015
Creditors	14	94,416	87,923
Taxation		22,772	36,018
Proposed final dividend		7,618	6,928
		<u>149,592</u>	<u>164,484</u>
Net current assets		<u>57,641</u>	<u>32,755</u>
		<u>377,880</u>	<u>330,266</u>
Financed by:			
Share capital	17	2,105	2,103
Share premium account	18	12,351	12,125
Reserves	19	305,287	276,539
Total capital and reserves		<u>319,743</u>	<u>290,767</u>
Capital expenditure grants		3,641	3,414
Interest of outside shareholders in subsidiaries		30,172	23,680
Long term indebtedness	15	21,599	18,893
Deferred taxation	8	2,725	(6,488)
		<u>377,880</u>	<u>330,266</u>

Approved by the board of directors on 22 June 1982

 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.

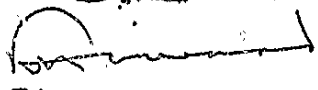
Balance sheet

21 March 1982

Charter Consolidated P.L.C.

	Note	1982 £000	1982 £000	1981 £000	1981 £000
Subsidiary companies					
Shares at cost or valuation		93,779		93,779	
<i>Deduct:</i>					
Amounts due to subsidiaries		<u>79,682</u>	14,097	<u>80,374</u>	13,405
Current asset					
Bank balances			4		4
Deferred asset					
Advance corporation tax	8		<u>3,265</u>		<u>2,969</u>
			<u>17,366</u>		<u>16,378</u>
Financed by:					
Share capital	17		2,105		2,103
Share premium account	18		368		142
Reserves	19		<u>4,400</u>		<u>3,630</u>
			<u>6,873</u>		<u>5,875</u>
Total capital and reserves					
Current liabilities					
Deposit account		1,710		1,710	
Creditors		82		60	
Taxation		1,083		1,803	
Proposed final dividend		<u>7,618</u>		<u>6,928</u>	
			<u>10,493</u>		<u>10,503</u>
			<u>17,366</u>		<u>16,378</u>

Approved by the board of directors on 22 June 1982

 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 1982

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

	Note	1982 £000	1981 £000
SOURCE OF FUNDS			
Profit before taxation		59,227	52,531
Extraordinary items:			
before interest of outside shareholders and before taxation of £37,000 (1981 - £28,465,000)		(7,736)	75,803
Dividends from associated companies	19	2,889	
		<u>54,380</u>	<u>128,594</u>
<i>Adjustments for items not involving movements of funds</i>			
Depreciation		14,750	8,798
Provisions against mining projects, investments, and closure costs		3,649	5,813
Share of retained profits of associated companies		(17,059)	(20,803)
		<u>1,340</u>	<u>(6,192)</u>
Funds generated		<u>55,720</u>	<u>122,402</u>
Investments	20(i)	7,135	(30,867)
Proceeds of rights issue received by Cape Industries PLC from outside shareholders		—	3,006
Increase in interests of outside shareholders		6,697	(1,178)
Increase in long term indebtedness		2,766	(1,968)
		<u>16,598</u>	<u>(31,007)</u>
		<u>72,318</u>	<u>91,395</u>
APPLICATION OF FUNDS			
Purchase of fixed assets less grants and disposals	20(iv)	48,477	26,596
Investments acquired in 1981, consolidated in 1982 on becoming subsidiaries		(35,863)	29,156
Premium on acquisition of subsidiaries	20(iii)	4,399	1,726
Taxation paid		19,415	23,801
Unsecured 6½ per cent DM loan bonds		—	19,002
Increase in assets under finance leases		13,206	278
Increase in working capital and other items	20(ii)	27,176	222
Dividends paid		10,868	8,816
		<u>87,678</u>	<u>109,597</u>
Decrease in liquid funds		<u>(15,360)</u>	<u>(18,202)</u>
Decrease in short term loans, deposits, and cash		(24,189)	(5,918)
Decrease in associated companies' and other deposits		2,446	1,126
Decrease in bank loans and overdrafts		6,383	(13,410)
		<u>(15,360)</u>	<u>(18,202)</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 20 on pages 31 and 32.

Notes on the accounts

1. Operating profit of industrial and mining subsidiaries and administration and technical expenditure		1982	1981
		£000	£000
	(i) Turnover of the industrial and mining subsidiaries	28,999	291,582
	(ii) Expenses charged:		
	Auditors' remuneration	629	569
	Directors' emoluments (see note 5)	317	351
	Depreciation of fixed assets (see note 11)	13,546	8,608
	Hire of plant and equipment	5,103	1,421
	Charge in respect of depreciation of assets held under finance leases	251	226
	Credits:		
	Capital expenditure grants	524	394
	Rents receivable	706	385
	(iii) Administration and technical expenditure:		
	Expenditure	11,837	11,489
	Deduct: Recovered from companies outside the group	6,802	6,938
		5,035	4,551
2. Income from investments		1982	1981
		£000	£000
	(i) Associated companies (see note below)		
	Other investments	9,276	6,680
		13,335	10,994
		22,611	17,674
	(ii) Arising from:		
	Listed investments	18,101	13,906
	Unlisted investments	4,510	3,768
		22,611	17,674
	(iii) Includes franked investment income	10,135	9,988
NOTE			
From 1 April 1981 dividends from associated companies have been accounted for on a receivable rather than a received basis.			
3. Associated companies		1982	1981
		£000	£000
	Principal associated companies are listed on pages 36 and 37.		
	Group share of retained profits of associated companies:		
	Share of profits before taxation	23,547	20,683
	Deduct: Dividends declared from these profits	6,565	5,267
		16,982	15,416
	(Group share of retained profits before taxation)	(6,034)	(7,197)
	Taxation (see note 8)		
		10,948	8,219
		77	5,551
	Extraordinary items (see note 9)		
		11,025	13,770

	1982 £000	1981 £000
payable on by the group		
Loans repayable after more than five years	843	936
Loans repayable within five years	214	295
Amounts deposited with the group	620	1,290
Bank loans and overdrafts	5,662	3,953
	<u>7,339</u>	<u>5,874</u>

3. Directors' emoluments	1982 £000	1981 £000
Directors of the parent company:		
Fees	36	26
Salaries and other remuneration, including pension contributions	368	393
Ex gratia payment to former director	3	3
Pension payable to the widow of a former director		
	<u>407</u>	<u>432</u>
<i>Deduct: Fees received from other companies and refunded to the group</i>	<u>90</u>	<u>78</u>
Net cost to the group	<u>317</u>	<u>354</u>
Amounts paid to directors:		
Chairman	£18,750	£25,000
Highest paid director	£59,145	£49,544
Others: £45,001-£50,000	3	-
£40,001-£45,000	1	2
£35,001-£40,000	-	2
£30,001-£35,000	1	1
£15,001-£20,000	-	1
£10,001-£15,000	-	1
£5,001-£10,000	1	-
up to £5,000	10	8

NOTE

Nine 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 £35,000 (1981: 11 directors - £34,000).

6. Earnings per share	Earnings per share attributable to Charter is calculated on earnings of £37,627,000 (1981 - £32,594,000) and on 105,075,268 shares (1981 - 104,972,867 shares) as if the 69,270 shares issued on 7 September 1981 had been issued for the whole year; the 23,000 partly paid shares which became fully paid during the year had been fully paid for the whole year; and the 10,131 shares subject to restricted rights which ceased to be restricted during the year had been free of restriction for the whole year.
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7. Dividends paid and proposed	1982 £000	1981 £000
Interim dividend of 3.75p per share (1981 - 3.4p) paid on 7 January 1982	3,940	3,569
Proposed final dividend of 7.25p per share (1981 - 6.6p) payable on or about 12 August 1982	7,618	6,928
	<u>11,558</u>	<u>10,497</u>

4. Taxation

(1) Charge in consolidated profit and loss account

GROUP COMPANIES on profit for the year

	1982 £000	1981 £000
United Kingdom:		
Corporation tax at 52 per cent	2,849	7,012
Deferred taxation	9,261	707
Double taxation relief	(4,098)	(3,024)
Advance corporation tax written off by subsidiary	307	1,344
Taxation at 30 per cent on franked investment income	3,040	2,997
	<u>11,359</u>	<u>9,931</u>
Overseas:		
Taxation	2,792	2,313
Deferred taxation	85	(171)
	<u>14,236</u>	<u>12,076</u>
	(768)	(552)
Adjustments in respect of previous years	6,034	7,197
ASSOCIATED COMPANIES (see note 3)	<u>19,502</u>	<u>18,721</u>

NOTE

The taxation charge for the year excludes £8,494,000 (1981 - £9,765,000) not expected to be payable in the foreseeable future resulting from accelerated capital allowances, stock appreciation relief, and other timing differences.

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

	1982		1981	
	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	7,907	38,467	285	22,576
Difference between book and taxation value of investments (see note (ii) below)	(3,534)	(13,912)	(4,317)	(14,477)
Taxation on trading losses of industrial subsidiaries, carried forward (see note (iii) below)	—	(11,070)	—	(11,503)
Other timing differences	1,617	2,032	513	2,926
Advance corporation tax (see note (iv) below)	(3,265)	(8,047)	(2,969)	(7,993)
	<u>2,725</u>	<u>7,470</u>	<u>(6,488)</u>	<u>(8,471)</u>

NOTES

- 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.
- The amount of £3,534,000 (1981 - £4,317,000) 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.
- Trading losses of industrial subsidiaries include £3,600,000 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.
- Advance corporation tax recoverable includes £3,265,000 (1981 - £2,969,000) shown as a deferred asset in the parent company's balance sheet.

9. Extraordinary items

	1982 £000	1981 £000
Surplus on disposal of long term investments net of taxation of £37,000 (1981 - £31,393,000)	30	(7,924)
Rationalization and closure costs and losses relating to Cape Industries PLC (see note below)	(6,716)	(6,085)
Provision for the cost of closure of a small coal mine at Fulton in the United States operated by the Shand group	(1,187)	
Investments and guarantees		3,532
(i) Tax relief on amounts written off in prior years	—	(3,414)
(ii) Provisions, net of amounts no longer required	23	(218)
Sundry	77	5,551
Associated companies		
	(7,773)	47,338
	2,205	1,998
Interest of outside shareholders	(5,568)	49,336

NOTE

No account has been taken of the potential future benefit of taxation losses of £3,312,000/1981 £2,459,000) arising from rationalization and closure costs and losses relating to Cape Industries PLC.

10. Investments

	AT COST OR VALUATION, LESS AMOUNTS WRITTEN OFF		AT MARKET VALUE OR DIRECTORS' VALUATION	
	1982 £000	1981 £000	1982 £000	1981 £000
ASSOCIATED COMPANIES				
Listed in Great Britain	54,552	56,987	109,547	108,093
Listed outside Great Britain	89	89	298	255
Group share of retained profits less losses of listed associated companies	19,823	11,384	—	—
	74,464	68,460	109,845	108,348
Unlisted	13,268	16,937	7,872	41,319
Group share of losses less retained profits of unlisted associated companies	(8,139)	(4,103)	—	—
	5,129	12,834	7,872	41,319
	79,593	81,294	117,717	149,667
OTHER INVESTMENTS				
Listed in Great Britain	93,441	73,798	180,489	202,972
Listed outside Great Britain	4,434	22,147	4,561	29,381
	97,875	95,945	185,050	232,353
Unlisted	8,738	8,988	10,821	10,451
	106,613	104,933	195,871	242,804
TOTAL INVESTMENTS				
Listed in Great Britain	167,660	142,087	290,036	311,065
Listed outside Great Britain	4,679	22,318	4,869	29,636
	172,339	164,405	294,895	340,701
Unlisted	13,867	21,822	18,693	51,770
	186,206	186,227	313,588	392,471

NOTES

- (i) Other investments listed in Great Britain at 31 March 1982 include United Kingdom government securities of £29,995,000 at cost (1981 - £31,967,000) (market value - £28,975,000; 1981 - £31,492,000).
- (ii) The greater part of the investments is of a long term nature but in the event of their realization at market or directors' valuation there would be a taxation liability of approximately £46 million.

11. Fixed assets

	FREEHOLD PROPERTY £000	LONG LEASEHOLD PROPERTY £000	SHORT LEASEHOLD PROPERTY £000	FIXED FURNITURE AND FITTINGS £000	TOTAL £000
COST OR VALUATION					
At 31 March 1981	33,213	3,218	2,046	80,338	123,815
Currency realignment	61	—	57	912	1,030
Additions at cost	3,330	1,646	206	21,610	26,792
Acquisition of subsidiaries	3,893	295	126	39,155	43,469
Disposals	(553)	—	(97)	(9,688)	(10,338)
Revaluations and reallocations	342	—	—	(853)	(211)
At 31 March 1982	45,286	5,159	2,338	131,774	184,557
DEPRECIATION					
At 31 March 1981	4,032	482	455	33,306	38,275
Currency realignment	(6)	—	4	289	287
Charge to profit and loss account	794	73	111	12,568	13,546
Charge to extraordinary items	37	—	73	1,005	1,115
Acquisition of subsidiaries	1,367	22	36	17,418	18,843
Disposals	(93)	—	(30)	(7,502)	(7,625)
Revaluations and reallocations	122	—	—	(244)	(122)
At 31 March 1982	6,254	577	649	56,840	64,320
NET BOOK AMOUNTS					
At 31 March 1982	39,032	4,582	1,689	74,934	120,237
At 31 March 1981	34,180	2,736	1,591	47,032	85,539

NOTES

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

At cost	26,475	4,038	1,618	123,360	165,491
At valuation - 1972	141	—	—	—	141
1974	268	778	—	230	1,276
1975	13,775	310	720	—	14,805
1976	885	33	—	7	925
1978	2,664	—	—	3,715	6,379
1979	865	—	—	—	865
1981	213	—	—	4,462	4,675
	45,286	5,159	2,338	131,774	184,557

(ii) Freehold properties at valuation include an amount of £674,000 relating to land and factory premises acquired by the Belgian subsidiary of Cape Industries PLC and financed by secured loans. The legal title to the factory premises does not vest in the company concerned until the final instalments on the loans have been paid.

(iii) Capital expenditure of subsidiaries:

	1982 £000	1981 £000
Committed	6,226	1,751
Authorized but not committed	5,935	1,843
	12,161	3,594

12. Stocks and work in progress

	1982 £000	1981 £000
Contract work in progress	199,337	52,303
Deduct: Progress payments received and receivable	183,886	67,244
	15,451	5,149
Raw materials and consumable stores	24,782	19,037
Work in progress	10,975	5,846
Finished goods	31,205	25,165
	82,413	55,197

13. Debtors

Debtors include loans to four officers totalling £65,000 at 31 March 1982.

14. Creditors

Creditors include:

- (i) an amount of £5,006,000 (1981 - £4,979,000) in respect of payments received and receivable in advance for contract work in progress of Cape Industries PLC.
- (ii) amounts of £8,402,000 (1981 - £8,789,000) in respect of provisions for closure costs and guarantees.

15. Long term indebtedness

	1982 £000	1981 £000
Debenture stocks (secured) issued by		
(i) Charter Consolidated Investments P.L.C.		
4½ per cent first debenture stock 1978/83	500	500
4 per cent second debenture stock 1978/83	500	500
(ii) Cape Industries PLC		
7½ per cent debenture stock 1986/89	2,000	2,000
6½ per cent debenture stock 1986/89	600	600
7½ per cent unsecured loan stock 1986/91 issued by Cape Industries PLC	3,459	3,459
7½ per cent guaranteed bonds of FF48,470,000 1987 issued by Charter Consolidated Overseas N.V. (see note (ii) below)	4,343	4,753
Malaysian Industrial Development Fund loan (secured) 1983/88	2,831	-
	<u>14,233</u>	<u>11,812</u>
Bank loans (secured) (see note (iii) below)	1,365	1,404
Bank loans (unsecured) 1982/88 (see note (iii) below)	6,001	5,677
	<u>21,599</u>	<u>18,893</u>

NOTES

(i) Repayments are due as follows:	BANK LOANS £000	OTHER BORROWINGS £000	TOTAL £000
Between one and two years	1,332	3,831	5,163
Between two and five years	4,982	6,059	11,041
Over five years	1,052	4,343	5,395
	<u>7,366</u>	<u>14,233</u>	<u>21,599</u>

- (ii) The FF48,470,000 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:	1982 £000	1981 £000
Belgian francs	3,396	3,673
US dollars	569	419
Swedish kroner	1,585	1,557
French francs	823	710
Dutch guilders	213	190
Deutsche marks	224	201
Irish pounds	195	242
UAE dirhams	361	-
	<u>7,366</u>	<u>7,081</u>

16. Contingent liabilities and outstanding commitments	1982	1981
	£000	£000
For amounts not called on investments	908	477
In respect of guarantees of £9,743,000 less counter-guarantees £889,000 (company net - £8,030,000; 1981 £4,911,000)	8,844	5,020
In respect of underwriting participations	94	146
Commitments to purchase metal in 1982	1,152	
Bills receivable discounted	636	472
Rentals payable under finance leases for acquisition of plant and machinery	6,398	24,700
Other items	125	143
	<u>17,557</u>	<u>8,378</u>

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 £3.5 million and £2.7 million respectively, dependent on the level of 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. 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 1982		31 March 1981	
	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 (see note (i) below)	105,075,268	2,101,505	104,972,867	2,099,457
Partly paid shares (1p paid) (see note (ii) below)	164,900	1,649	187,000	1,879
Fully paid shares with restricted rights (see note (iii) below)	72,620	1,452	82,751	1,655
Total issued share capital		<u>2,104,606</u>		<u>2,102,991</u>

NOTES

- (i) On 7 September 1981 69,270 shares were allotted under the company's profit sharing scheme adopted on 11 August 1981. The directors can issue up to a further 1,930,730 shares under that scheme.
- (ii) 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.
- (iii) 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 23 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 23,000 partly paid shares were fully paid up and as a result 10,131 fully paid shares with restricted rights became free of restriction (see report of the directors).
- (iv) On 7 September 1981 options to subscribe for a total of 33,693 shares, exercisable between 7 September 1984 and 6 September 1988 at a price of 26.1p per share, were granted to executive directors and senior employees under the share option scheme adopted in 1973. The directors can at their discretion grant options to subscribe for up to a further 789,803 shares under that scheme.

18. Share premium account	GROUP £000	COMPANY £000
Balances at 31 March 1981	12,125	142
Premium on shares issued by the company	226	226
Balances at 31 March 1982	12,351	368

19. Reserves	GROUP £000	COMPANY £000	SUBSIDIARY COMPANIES £000	ASSOCIATED COMPANIES £000
Reserves at 31 March 1981	276,539	3,630	265,628	7,281
Retained profit for the year	20,501	770	8,706	11,025
Net effect of translation of currencies	9,580	—	4,632	4,948
Premium on purchase of shares in subsidiary companies	(4,399)	—	(4,399)	—
Timing differences as a result of accounting for dividends from associated companies on a receivable rather than a received basis	2,889	—	2,889	—
Profit sharing scheme (1981)	(85)	—	(85)	—
Goodwill written off in the accounts of associated companies	(180)	—	—	(180)
Transfers on changes in status of associated companies	—	—	11,832	(11,832)
Surplus on revaluation of an associated company's properties	442	—	—	442
Reserves at 31 March 1982	305,287	4,400	289,203	11,684

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. Source and application of funds	1982 £000	1981 £000
(i) Investments		
Long term – purchases	(2,317)	(28,725)
– book value of realizations	87	30,964
	(2,230)	2,239
Portfolio – net realizations (purchases) at book value	9,365	(23,106)
	7,135	(30,867)
Realizations less purchases of investments contributed £20,311,000 (1981 – £49,979,000) to the source of funds		
(ii) Analysis of working capital		
Increase in stocks and work in progress	27,216	1,373
Increase in debtors	8,366	8,541
Increase in creditors	(6,272)	(10,435)
Other items	(2,134)	743
	27,176	222

continued overleaf

20. Source and application of funds continued		1982	1981
		£000	£000
	(iii) Net assets on acquisition of subsidiaries	24,626	12,244
	Fixed assets	4,399	1,726
	Goodwill	17,206	4,699
	Stocks and work in progress	10,200	1,938
	Debtors	(12,213)	(1,816)
	Creditors	(3,954)	614
	Taxation	(218)	(9)
	Capital expenditure grants	9,594	918
	Liquid funds	(6,666)	14
	Interests of outside shareholders	860	
	Investments		
		<u>43,834</u>	<u>20,328</u>
The Alexander Shand group of companies was not consolidated at 31 March 1981 and has been reflected in the net assets on acquisition of subsidiaries in 1982.			
	(iv) Fixed assets	51,190	28,799
	Purchases less capital expenditure grants	(2,713)	(2,203)
	Book value of disposals	<u>48,477</u>	<u>26,596</u>

Consolidated current cost accounts

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 1982

	Note	1982 £ million	1981 £ million
Profit before interest and taxation on a historical cost basis		58.6	49.6
<i>Deduct:</i> Current cost operating adjustments relating to:			
Operating profit of industrial and mining subsidiaries	3	11.9	10.3
Share of retained profit of associated companies	9	5.2	4.3
Surplus on realization of investments	6	2.4	2.8
Administration and technical expenditure	4	0.9	0.9
		<u>20.4</u>	<u>18.3</u>
Current cost operating profit		38.2	31.3
Interest receivable (net)		0.6	3.1
Gearing	7	2.0	1.6
		<u>40.8</u>	<u>36.0</u>
Current cost profit before taxation		19.5	18.7
Taxation		<u>21.3</u>	<u>17.3</u>
Interest of outside shareholders in profits (1981 losses) of subsidiaries		0.2	0.4
Current cost profit attributable to Charter		21.1	17.7
Earnings per share 20.1p (1981 - 16.9p)		11.5	10.5
Dividends paid and proposed		<u>9.6</u>	<u>7.2</u>
Extraordinary items:			
As shown in the historical cost accounts		(5.6)	49.3
Current cost adjustment		(0.2)	—
		<u>(5.8)</u>	<u>49.3</u>
Surplus on disposal of long term investments taken directly to reserves		—	48.0
		<u>(5.8)</u>	<u>1.3</u>
Retained current cost profit transferred to reserves		3.8	8.5

CONSOLIDATED BALANCE SHEET

31 March 1982

	Note	1982 £ million	1981 £ million
Fixed assets	8	182.6	126.2
Exploration and development expenditure		0.3	0.5
Investments	10	313.6	392.5
Alexander Shand group of companies		—	24.9
Assets under finance leases to third parties		13.5	0.3
Net current assets			
Stocks and work in progress	5	83.9	56.0
Creditors less debtors		(9.5)	(9.9)
Liquid funds (net)		15.0	30.3
Taxation		(22.8)	(36.0)
Proposed final dividend		(7.6)	(6.9)
		<u>59.0</u>	<u>33.5</u>
		<u>569.0</u>	<u>577.9</u>
Financed by:			
Share capital and share premium		14.4	14.2
Reserves	11	484.0	517.2
		<u>498.4</u>	<u>531.4</u>
Capital expenditure grants		3.2	2.5
Interest of outside shareholders in subsidiaries		43.1	31.6
Long term indebtedness		21.6	18.3
Deferred taxation		2.7	(6.5)
		<u>569.0</u>	<u>577.9</u>

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

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.

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.

Nevertheless, Charter group current cost accounts have been prepared for 1981/82 (the second year of publication on this basis).

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.

1. Policies

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.

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.

2. Comparative figures

Corresponding amounts for 1981 have been adjusted to reflect the changes in the historical cost figures but have not been restated to reflect subsequent changes in purchasing power.

3. Operating profit of industrial and mining subsidiaries

	1982 £ million	1981 £ million
Cost of sales adjustment (see note 5)	4.1	4.0
Monetary working capital adjustment (see note 6)	1.2	1.7
Depreciation adjustment (see note 8)	6.6	4.6
	<u>11.9</u>	<u>10.3</u>

4. Administration and technical expenditure

	1982 £ million	1981 £ million
Monetary working capital adjustment (see note 6)	0.2	0.2
Depreciation adjustment (see note 8)	0.7	0.7
	<u>0.9</u>	<u>0.9</u>

5. Stocks and cost of sales

Stocks and work in progress are valued at the lower of current replacement cost and net realizable value.

The cost of sales adjustment represents the excess of the replacement cost of goods sold at the time of sale over the historical cost.

6. Monetary working capital adjustment

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.

In addition a monetary working capital adjustment has been charged against the surplus on realization of portfolio investments, representing the increase in the average capital employed which would have been necessary to take account of general price increases.

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	
	1982	1981	1982	1981	1982	1981
	£ million	£ million	£ million	£ million	£ million	£ million
Freehold and leasehold property	88.4	68.2	10.6	9.0	77.8	59.2
Plant, furniture, and fittings	216.2	128.9	111.4	61.9	104.8	67.0
	<u>304.6</u>	<u>197.1</u>	<u>122.0</u>	<u>70.9</u>	<u>182.6</u>	<u>126.2</u>

Properties have been valued by the directors with reference to professional valuations in recent periods, cost (in the cases of recent constructions), or market rentals and appropriate yields.

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 estimated difference between the share of current cost and historical cost earnings before taxation. However, no adjustment has been made for the share of profits from Malaysia Mining Corporation Berhad as no current cost results are available.

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 1981		255.6
Revaluation surpluses		
Fixed assets	13.0	
Investments	(73.6)	
Stocks and work in progress	3.5	
On acquisition of subsidiary companies	9.8	
	<u>—</u>	(47.3)
Monetary working capital adjustments		3.4
Gearing adjustment		(1.4)
		<u>210.3</u>
Other reserves		
At 1 April 1981	261.6	
Retained current cost profit for the year	3.8	
Reserve movements per historical cost accounts	8.3	
	<u>—</u>	273.7
Reserves at 31 March 1982		<u>484.0</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 £31.6 million (1981 £14.8 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 *	Scotland	28.4	Mining equipment	March
Cape Industries PLC (a subsidiary holds 100 per cent of the 3½ per cent cumulative preference shares)	England	67.3	Insulation products; friction materials; automotive components; insulation contracting and fire protection	December
Heatrae-Sadia Holdings Limited	England	100	Electrical water heating; catering and refrigeration equipment	December
Johnson Matthey Public Limited Company *	England	28	Metal refining and industrial	March
MKR Holdings Limited	England	100	Bar cooling 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	
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	England	100	Oil exploration	March
Cleveland Potash Limited * (see note 4)	England	50	Potash mining	
Malaysia Mining Corporation Berhad (see note 5)	Malaysia	13.8	Tin mining, marketing, and smelting; plantation interests	
Société Minière d'Anglade	France	40	Wolfram mining	
Tara Exploration and Development Company Limited	Canada	14.1	Zinc and lead mining in the Republic of Ireland	
OTHER INVESTMENTS				
Anglo American Corporation Zimbabwe Limited	Zimbabwe	30	Mining and industrial finance and investment	
The Argus Printing and Publishing Company Limited	South Africa	10	Printing and publishing	

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
Eurango Limited *	South Africa	25	Investment	March
Minerals and Resources Corporation Limited	Bermuda	9.8	International mining finance and investment	
The Rio Tinto-Zinc Corporation PLC	England	4.0	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 is 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.
- Of the subsidiary companies the accounts of Alexander Shand (Holdings) Limited, Beralt Tin and Wolfram Limited, and Cape Industries PLC are not audited by Coopers & Lybrand.
- Except where indicated under the nature of business, the principal country of operation is the same as the country of incorporation or registration.
- Charter does not account for its share of the losses of 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.
- Charter's 28.6 per cent share of the results of Malaysia Mining Corporation Berhad (MMC) has been included for the period from 1 February 1981 to 30 September 1981, based on unaudited accounts. On 10 October 1981 MMC merged with Malayan Tin Dredging (M) Berhad, as a result of which Charter now holds a 13.8 per cent interest in the enlarged group.
- 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	
	1982 £000	1981 £000	1982	1981	1982	1981
United Kingdom	319,610	315,250	63.3	58.8	61.8	69.2
Rest of Europe	35,782	23,521	7.1	4.4	4.5	4.1
North and South America	53,731	77,900	10.6	14.5	3.1	6.9
South Africa	9,527	27,863	1.9	5.2	3.1	3.2
Rest of Africa	13,529	11,007	2.7	2.0	5.3	5.2
South-east Asia	39,501	34,631	7.8	6.5	20.4	7.3
Australasia	33,582	46,338	6.6	8.6	1.8	4.1
	<u>505,262</u>	<u>536,510</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	
	1982 £000	1981 £000	1982	1981	1982	1981
Mining - Finance	102,605	159,460	32.7	40.6	27.5	37.9
Diamonds	4,446	14,000	1.4	3.6	0.4	0.5
Gold	1,003	1,515	0.3	0.4	1.3	2.7
Tin and wolfram	20,107	24,373	6.4	6.2	15.2	9.2
Copper, potash, and other minerals	3,978	5,368	1.3	1.4	0.7	1.6
Industrial, commercial, etc.	152,474	156,263	48.7	39.8	38.8	37.2
United Kingdom government securities	28,975	31,492	9.2	8.0	16.1	10.9
	<u>313,588</u>	<u>392,471</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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

	Turnover		Operating profit	
	1982 £000	1981 £000	1982 £000	1981 £000
Building products and insulation contracting	171,582	163,267	7,441	12,825
Civil engineering and construction	22,519	-	995	-
Automotive and engineering products	47,814	55,491	(1,333)	(3,381)
Heating, catering, and bar equipment	39,793	41,468	866	1,855
Railway track fastenings	25,450	20,399	3,909	2,951
Coal mining	22,376	-	867	-
Metal sales	11,838	2,972	(636)	97
Mining equipment	9,377	7,985	529	503
Wolfram mining	6,190	-	1,627	-
	<u>356,939</u>	<u>291,582</u>	<u>14,265</u>	<u>14,850</u>
Deduct: Compensation for industrial disease	-	-	450	950
Unallocated central charges	-	-	325	285
	<u>356,939</u>	<u>291,582</u>	<u>13,490</u>	<u>13,615</u>

NOTES

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

Analysis of Charter's issued equity share capital at 31 March 1982

Geographical	Category		Number of Registered Shareholders	
	Percentage	Number of Registered Shareholders	Percentage	Number of Registered Shareholders
United Kingdom	56.89*	23,510	13.53	22,856
Rest of Europe	5.97*	1,529	9.12	198
Bermuda	35.73	4	20.00	1,979
North America	0.56†	133	44.36	525
South Africa	0.66	1,111	10.88	523
Elsewhere	0.19	244	0.60	450
	100.00	26,531	98.49	26,531
			Represented by share warrants to bearer	1.51
				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 1982.

DIRECTOR OR ALTERNATE	AT 31 MARCH 1982				AT 1 APRIL 1981			
	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	390 ⁴	3,787	7,500	3,304	nil	nil	7,500	3,304
P. C. D. Burnell	100	nil	7,500	3,304	100	nil	7,500	3,304
J. N. Clarke	490 ⁴	7,575	7,500	3,304	100	nil	7,500	3,304
J. V. Cleasby	nil	nil	nil	nil	100	nil	nil	nil
J. E. H. Collins	100	nil	nil	nil	100	nil ⁵	nil ⁶	nil ⁶
K. H. Dabell	nil	nil	nil	nil	1,131	nil	nil ⁶	nil
J. O. Hambro	1,131	nil	nil	nil	1,745 ⁶	nil	nil	nil
G. A. Higham ⁷	1,745 ⁶	500	nil	nil	500	nil	nil	nil
M. B. Hofmeyr	100 ⁶	5,681	nil	nil	100 ⁶	nil	nil	nil
F. J. A. Howard	1,390 ⁴	5,681	nil	nil	1,000	nil	nil	nil
G. W. Mackworth-Young	300	nil	nil	nil	nil ⁶	nil ⁶	nil ⁶	nil ⁶
A. E. Oppenheimer	nil	nil	nil	nil	nil	nil	nil	nil
H. F. Oppenheimer	100 ⁶	nil	nil	nil	100 ⁶	nil	nil	nil
Sir Philip Oppenheimer	1,000,000 ⁸	9,798	nil	nil	1,000,000 ⁸	9,798	nil	nil
A. J. W. Owston	490 ⁴	5,681	6,000	2,643	100	nil	6,000	2,643
J. R. B. Phillimore	nil	nil	nil	nil	nil ⁶	nil ⁶	nil ⁶	nil ⁶
G. W. H. Rely	500	nil	nil	nil	500	nil	nil	nil
J. G. Richardson	100 ⁶	5,681	10,000	4,405	100 ⁶	nil	10,000	4,405
A. T. B. Shand	490 ⁴	nil	nil	nil	100	nil ¹¹	nil ¹¹	nil ¹¹
M. J. Statham	537 ¹⁰	3,219	5,000	2,202	867 ^{10, 11}	nil ¹¹	5,000	2,202
J. Ogilvie Thompson	390 ⁴	nil	nil	nil	100 ⁶	nil	nil	nil

NOTES

¹ granted under the company's share option scheme adopted on 17 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 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

⁵ 300 issued under the company's profit sharing scheme adopted on 11 August 1981

⁶ at date of appointment on 16 February 1982

⁷ non beneficial

⁸ also had a beneficial interest in 312 ordinary shares of 25p each in Cape Industries plc, a subsidiary of the company, at 31 March 1982 and 1 April 1981

⁹ indirect partial

¹⁰ at date of appointment on 1 December 1981

¹¹ held jointly

¹² at date of appointment on 29 April 1981

There was no change in any of the above mentioned interests between the end of the financial year and 8 June 1982, being one month prior to the date of the notice of annual general meeting.

Substantial shareholding

On 8 June 1982 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 28(4A)(b) of the Companies Act 1987 as amended.

Taxation

(i) Capital gains tax

The market price of the company's shares on 6 April 1985 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 12,103 during the year. The aggregate amount of the remuneration paid to such employees during the year was £84,029,000.

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 £15,300, of which £15,000 was paid to the Conservative Board of Finance and £300 to the Ashford Conservative Association.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £65,000.

Geographical analysis of turnover of industrial and mining subsidiaries

	Turnover		Per cent of turnover	
	1982 £000	1981 £000	1982	1981
United Kingdom	268,386	312,458	75.2	73.2
Rest of Europe	42,097	38,960	11.8	13.4
North and South America	12,748	7,635	3.6	2.6
South Africa	9,159	9,473	2.5	3.2
Rest of Africa and Middle East	16,059	13,711	4.5	4.7
Australasia and South-east Asia	8,490	8,345	2.4	2.9
	<u>356,939</u>	<u>291,582</u>	<u>100.0</u>	<u>100.0</u>

See note 2 on page 38

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 1982

Al-Raqeed Shand Limited

Principal country of operation: Saudi Arabia

Issued share capital at 31 December 1981: 5,000 shares of Saudi riyals 1,000 each

Anderson Strathclyde plc

Principal country of operation: Scotland

Issued share capital at 31 March 1982: £11,854,479 in ordinary shares of 25p each

Issued loan capital: £2,403,000 7½ per cent unsecured loan stock 1986/91

Cleveland Potash Limited

Principal country of operation: England

Issued share capital at 31 December 1981: £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: £18,449,766 25 per cent unsecured loan stock 1987 and £1,444,766 25 per cent unsecured loan stock 1988; Charter held 71 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 1981: £92,000 in ordinary shares of £1 each

Elastic Rail Spike Company (Proprietary) Limited

Principal country of operation: South Africa

Issued share capital at 30 June 1981: R80,000 in 24,000 'A' shares of R2 each and 16,000 'B' shares of R2 each

Euranglo Limited

Principal country of operation: South Africa

Issued share capital at 31 March 1981: 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 1982: £132,920,092 in ordinary shares of £1 each and £300,000 in ¾ per cent cumulative preference shares of £1 each
Issued loan capital: £8,750,000 in £4,500,000 7½ per cent debenture stock 1990/95, £3,000,000 5½ per cent debenture stock 1988/90, and £1,250,000 unsecured loan stock 1983

OTHER COMPANIES

Anglo American Corporation Zimbabwe Limited

Principal country of operation: Zimbabwe

Issued share capital at 30 June 1981: Z\$56,709,212 in shares of Z\$1 each
Reserves: Z\$12,942,000

Société Minière d'Anglade

Principal country of operation: France

Issued share capital at 31 December 1981: FF6,180,000 in shares of FF100 each
Reserves: FF2,241,511

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 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 se remettra au déposant d'un certificat d'actions ou d'une attestation de dépôt et d'engagement une carte d'admission portant son 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-dessous

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.

Group directory

Chairman

J. O. Hambro

Executive directors

J. N. Clarke
*Deputy chairman and
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

CAPE INDUSTRIES
W. R. Doughty

CHARTER CONSOLIDATED
(MALAYSIA)
F. K. J. Jackson

HEATRAE-SADIA
M. W. King

MKR HOLDINGS
J. Hamilton

PANDROL INTERNATIONAL
B. Clough

PERARD TORQUETENSION
L. B. E. Cooper

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
Corporate 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

D. R. S. Walker
Chief geologist

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

Offices

40 Holborn Viaduct, London EC1P 1AJ
(registered)

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

44 Main Street, Johannesburg 2001,
South Africa

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

9 rue de Vienne,
75008 Paris, France

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,
62 Marshall Street, Johannesburg 2001,
South Africa



NOTICE OF ILLEGIBLE DOCUMENT ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

