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# CHARTERHOUSE

## ANNUAL REPORT 1982



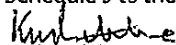
# THE CHARTERHOUSE GROUP PLC

## Notice of meeting

Notice is hereby given that the Forty-Eighth Annual General Meeting of The Charterhouse Group plc will be held at Plaisterers Hall, 1 London Wall, London EC2 on Friday 27th May 1983 at 12 noon or so soon thereafter as the Extraordinary General Meeting of the Company convened for 11.55 o'clock in the forenoon on the same day shall have terminated or been adjourned for the following purposes:

- 1 To receive and adopt the Directors' Report and Accounts for the year ended 31st December 1982
- 2 To declare a dividend
- 3 To elect directors
- 4 To re-appoint the auditors and to authorise the directors to determine their remuneration
- 5 As special business, to consider and, if thought fit, to pass, the following resolution which will be proposed as an Ordinary Resolution:

That the alteration to each of the Charterhouse Group Employee Share Schemes 1982 ("the Schemes") described in the Chairman's letter to ordinary shareholders dated 4th May 1983 be and hereby is approved and the Directors be and they hereby are authorised to execute Deeds of Variation in or substantially in the form of the drafts produced to this meeting and initialled by the Chairman for the purpose of identification and to do all other acts or things which they may consider necessary or expedient for carrying the same into effect and securing the continued approval of the Inland Revenue to the Schemes pursuant to Part I of Schedule 9 to the Finance Act 1978.

  
By order of the Board  
K W Ritchie Secretary  
25 Milk Street, London EC2V 8JE

4th May 1983

Although this report has been sent to all shareholders and debenture and loan stockholders, only ordinary shareholders are entitled to attend or be represented at the meeting. A member entitled to attend and vote may appoint one or more proxies to attend and on a poll to vote on his behalf. A proxy need not be a member.

The following will be available for inspection during normal business hours at the company's registered office from this date until 27th May 1983 when they will be available at the place of the meeting from 11.45 am until the end of the meeting:

- o Particulars of transactions by the directors (and their family interests) in the share and loan capital of the company.
- o The statement containing the particulars of transactions with directors and connected persons required under Section 57 (2) of the Companies Act 1980 and the auditors' report thereon.
- o Copies of all contracts of service under which the directors of the company are employed by the company or any of its subsidiaries.

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# FINANCIAL CALENDAR

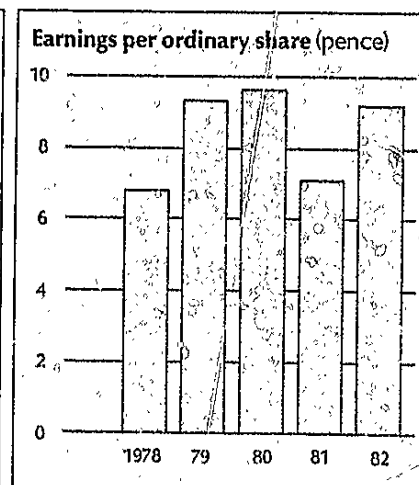
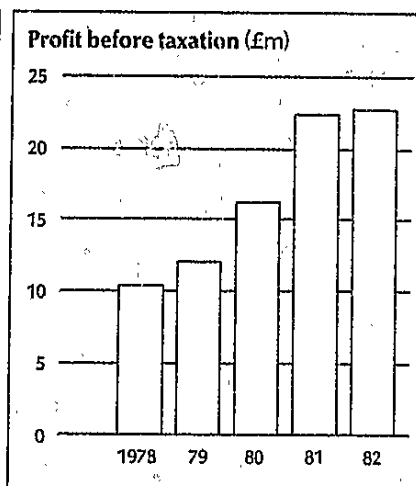
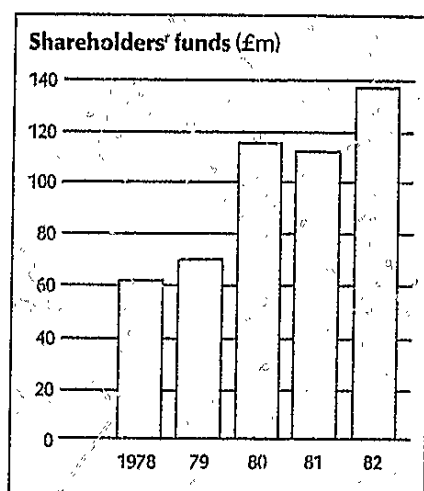
|  |                        |
|--|------------------------|
| Half year's results announced            | 2nd September 1982     |
| Year's results announced                 | 28th March 1983        |
| Annual Report approved                   | 7th April 1983         |
| Annual Report issued                     | 4th May 1983           |
| Annual General Meeting                   | 27th May 1983          |
| Dividends on ordinary shares             |                        |
| Interim dividend of 1.925 pence          | Paid 4th November 1982 |
| Recommended final dividend of 3.25 pence | Payable 28th May 1983  |

The Charterhouse Group plc and its subsidiaries

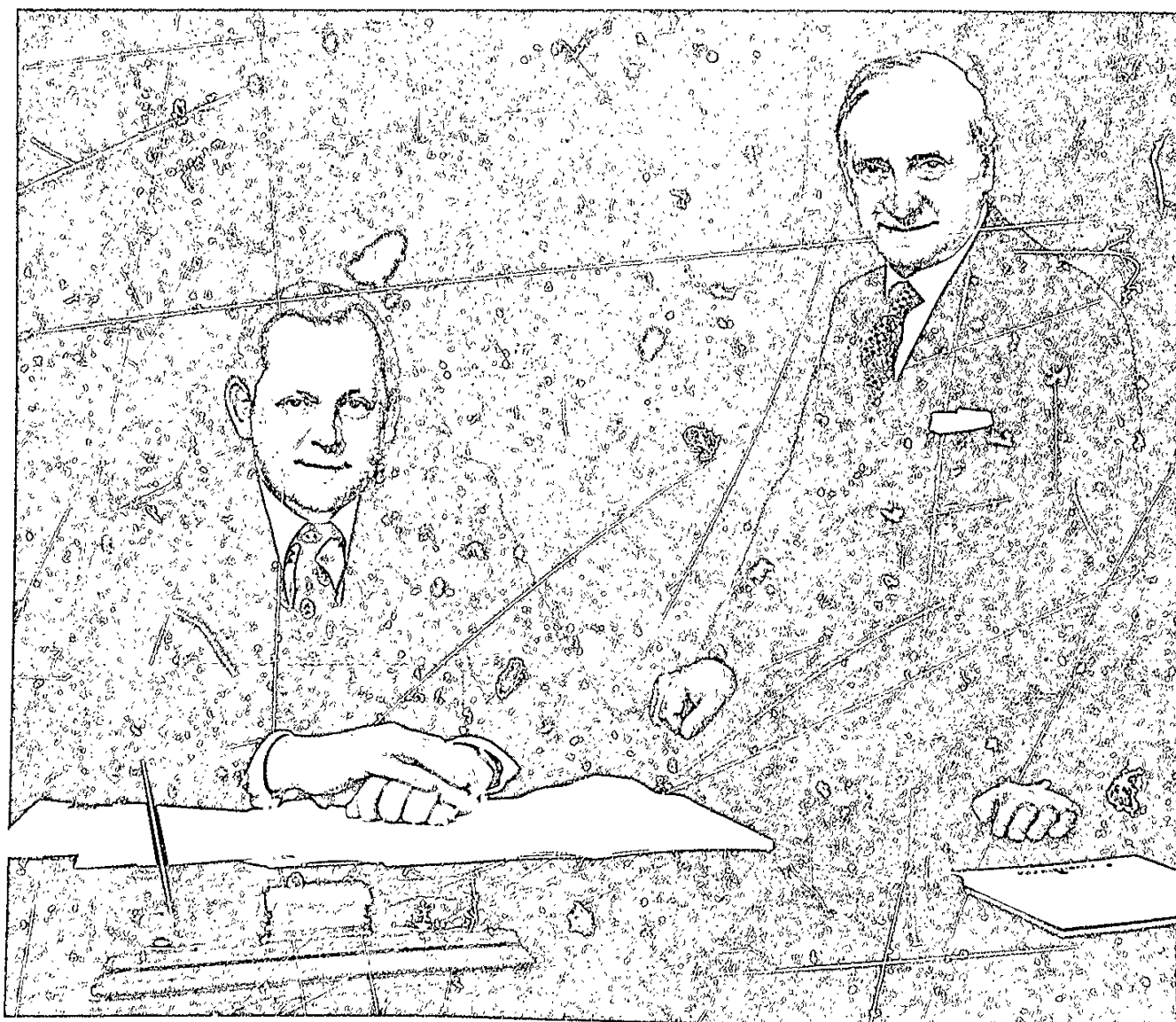
# SUMMARY OF THE YEAR

|  | 1982<br>£ million | 1981<br>£ million |
|--|-------------------|-------------------|
| Capital employed                                   | 187.0             | 158.4             |
| Shareholders' funds                                | 137.0             | 114.6             |
| ◦ Profit before interest                           | 32.3              | 31.2              |
| ◦ Profit before taxation                           | 22.9              | 22.6              |
| ◦ Profit after taxation before extraordinary items | 15.1              | 11.0              |
|  | Pence             | Pence             |
| Earnings per ordinary share                        | 9.19              | 7.12              |
| Dividends per ordinary share                       | 5.175             | 4.925             |

◦ including the profit of the bank after transfer to inner reserve



*Nigel Mobbs Chairman, with John Hyde Chief Executive*



# CHAIRMAN'S STATEMENT

## The group

For business in general 1982 proved to be a very difficult year, the recessionary conditions which I noted in my statement last year hardly improving. More companies reported lower activity and there was a rise in business failures. For Charterhouse, 1982 was a year of consolidation and further progress following the structural changes and rationalisation which occurred in 1980 and 1981. The company continued to develop as an investment and banking group making new investments and several realisations. The bank, Charterhouse Japhet, masterminded the acquisition of Woolworths by a consortium of investment institutions, thereby much enhancing its reputation.

Once again Charterhouse benefited from the spread of its investments, both internationally and by sector.

## Results

Group profit before taxation increased to £22.9 million while profit after taxation increased by 38 per cent to £15.1 million. The improvement in the taxation charge to 29 per cent from 50 per cent in 1981 resulted from the continuing ability to make use of available allowances and the elimination in part of the very high impost on oil activities.

Development capital activities again made a substantial contribution, resulting mainly from the continuing success of our operations in the United States. Overall results from development capital would have been higher but it was deemed prudent to provide against a debt arising from the sale of an investment.

Bank profit increased encouragingly despite the enormous pressures on the international banking system and the inevitable need for provisions against both United Kingdom and foreign debt. The enlarged capital base of the bank provides splendid opportunities but profits are inevitably affected by falling interest rates and the relative prosperity of customers.

The greatly increased profit (plus 55 per cent) from our investments in the manufacturing and services sectors is due to the sustained effort of management. With the prospect of improved business

conditions now becoming evident, these companies should continue to progress.

## Dividend

The Directors recommend a final dividend of 3.25 pence per ordinary share which, when aggregated with the interim payment, amounts to 5.175 pence for the year. This represents an increase of 5 per cent over the distribution in respect of 1981. I am conscious that this increase is less than has been customary in recent years but the Board wishes to increase retentions to facilitate new investment and to improve the dividend cover. Moreover the high level of dividend payments in the past has resulted in Advance Corporation Tax, which is both an immediate charge on cash resources and unlikely to be recovered. I believe that a progressive dividend policy which matches inflation whenever possible and conserves the group's cash resources is in shareholders' interests and will ultimately be reflected in the rating of the company's shares.

## Banking

The good progress made by the bank, Charterhouse Japhet, results from the integration and consolidation that has occurred during the past two years. It is a creditable performance at a difficult time for banking generally.

Future success will depend upon building on the undoubted internal strengths which exist and considerable progress is being made in the development of new product areas. Of particular interest at present is cable and satellite television and the interactive communication possibilities stemming from this challenging new development. This is expected to become an important business in the near future and we anticipate playing a leading role in it.

## Investments

The harsh economic climate has, perhaps surprisingly, produced many favourable investment opportunities for the careful investor. I am pleased to say that we invested approximately £44 million in 28 companies despite considerably increased competition especially in the area of development capital. We made a substantial investment in Coloroll, a



# CHAIRMAN'S STATEMENT

continued

successful wallpaper manufacturer, and in P J Burke, civil engineering contractors, and an additional investment in M6 Cash & Carry. Two promising new investments were added to our American portfolio and there was further investment in both France and Canada.

The major divestment of the year was a reduction of our 48.4 per cent stake in Charterhouse Petroleum to 19.5 per cent. This means that our accounts in the future will no longer reflect the especially high tax charge associated with oil profits. We continue, however, to hold a valuable strategic stake in this well managed company.

Further comment on the range of our investments is given in the review of operations on pages 8 to 10.

## Borrowing powers

Despite the many changes in the group's composition and philosophy, the borrowing powers of the group have not been changed since 1975. Gearing at the end of 1982 was little changed from 1981 but to maintain flexibility for the future a change in borrowing powers is to be proposed. To facilitate this the group is putting to holders of its Preference Share Capital and Loan Stock proposals for redemption, details of which are shown in a separate document.

## Employee share schemes 1982

Last year, shareholders approved the introduction of two Employee Share Schemes allowing employees to take advantage of the favourable tax provisions contained in the Finance Act 1978. Details of a resolution, to be considered at the Annual General Meeting, to bring the Schemes into line with the proposals announced recently by the Chancellor of the Exchequer are enclosed with the Annual Report.

## Directors

Geoffrey Rowett relinquished his responsibilities as chief executive towards the end of 1982, regrettably through ill-health. At the conclusion of the Annual General Meeting he will also retire as a director. Geoffrey joined Charterhouse in 1974 and has, since then, made a valuable and distinguished contribution to the progress of the group. We shall miss him greatly and he has our best wishes for his

future health and happiness. John Hyde, chairman and chief executive of Charterhouse Japhet, succeeded Geoffrey Rowett as chief executive of the group.

I am sorry to say that following the Annual General Meeting in May 1983 Derek Wilde will be retiring. He was chairman of Keyser Ullmann Holdings from 1975 and was personally responsible for its recovery from its well publicised difficulties. We owe a great debt to him for his extensive experience and helpful advice.

Hilton Clarke, after long and valued service, intimated his wish to retire and did so after the Annual General Meeting last May. Ronald Artus, of the Prudential Corporation, left the Board in December, due to the pressure of his many other commitments. He was formerly a director of Keyser Ullmann Holdings from 1972 and a director of this group since 1980.

At the beginning of 1982 Sir Campbell Fraser, president of the CBI and chairman of Dunlop Holdings, was appointed to the Board.

## Staff

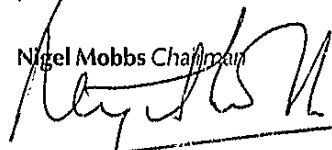
The staff throughout the group must be congratulated on the progress made in 1982, a difficult year for many companies. Their enthusiasm and loyalty does not pass unnoticed and on behalf of the shareholders and the Board I express my sincere thanks.

## The future

Falling interest rates and lower inflation rates, coupled with signs of increasing consumer demand and improving business confidence, seem to indicate the beginnings of economic recovery. The Charterhouse Business Forecast predicts a significant improvement in prospects for 1983 and 1984. In view of the high levels of unemployment throughout Europe and North America and the prospect of a lower level of inflation, I believe that the policies of all governments will aim to sustain this recovery.

Against this background I am hopeful that the group's range of interests will continue to prosper and that I will be reporting favourably upon the group's performance in 1983.

Nigel Mobbs Chairman



President

# BOARD OF DIRECTORS

President **John G Vaughan**

Chairman

o **G Nigel Mobbs**

Deputy Chairmen

o **Geoffrey C Rowett**

o **Derek E Wilde CBE**

Chief Executive

**John B Hyde**

Managing Directors

**Edward G Cox**

**Michael H F Morley**

**Kenneth H Thompson**

Directors

o **Peter G Benham**

o **John A Downes MBE MC**

o **Sir Nigel Foulkes**

o **Sir Campbell Fraser**

o **Charles M Keyser**

o Non-executive

Secretary

**Kenneth W Ritchie CA**

Registered office

**25 Milk Street, London EC2V 8JE**

Auditors

**Price Waterhouse  
Ernst & Whinney**

Stockbrokers

**Grieveson, Grant and Co**

Solicitors

**Linklaters & Paines**

Registrars

**Lloyds Bank Plc  
Goring-by-Sea  
Worthing  
West Sussex, BN12 6DA**

# REVIEW OF 1982

## Banking

|                                   | £'000  |        |
|-----------------------------------|--------|--------|
|                                   | 1982   | 1981   |
| Capital employed                  | 66,386 | 62,136 |
| o Profit before taxation          | 7,470  | 5,975  |
| o after transfer to inner reserve |        |        |

1982 was a year of considerable success for Charterhouse Japhet, following the expansion and consolidation which occurred during the previous two years.

Despite the problems which beset the international banking system and the troubled industrial scene in the United Kingdom, profit before taxation and after transfer to inner reserve increased by 25 per cent to £7.47 million. Total assets rose to £885 million from £659 million, much of this increase being due to the lower external value of the pound and consequently a higher sterling value of foreign currency assets.

The highlight of the year was the successful £310 million bid for F W Woolworth, the retailing chain. The transaction was initiated and arranged by the bank and resulted in a group of United Kingdom institutions acquiring control. The Charterhouse Group was itself one of these institutions, investing some £7.5 million in the equity of the new company, Paternoster Stores, now known as Woolworth Holdings.

There was a great deal of important activity in the corporate finance field and an expansion of business in North America and international operations generally.

The bank has now acquired considerable expertise in information technology and satellite and cable television and expects to play a leading role in this new development. In January 1983 it was instrumental in the formation of a new consortium involved in cable TV construction in which the group has a 40 per cent interest.

Following the imposition of Value Added Tax on the trading of gold coins in the United Kingdom, there was a significant increase in this activity by the Jersey subsidiary and profitability improved there and also in Geneva and Nassau, the bank's other overseas subsidiaries.

Continuing the rationalisation referred to last year, the bank disposed of its interests in the Key Unit Trusts and re-organised and strengthened Central Assets, its successful international money fund.

## Development capital

|                        | £'000  |        |
|------------------------|--------|--------|
|                        | 1982   | 1981   |
| o Capital employed     | 34,021 | 32,802 |
| Profit before interest | 9,715  | 13,309 |

o including short term borrowings

Development capital activities again made a substantial contribution to group profit albeit somewhat lower than in 1981. Results, helped by the continuing success of operations in the United States, would have been in line with those of the previous year but it was deemed prudent to provide against a debt arising out of the sale of an investment.

The policy of investing alongside capable, motivated management in small and medium sized growing companies was continued with a number of new investments in the United States, Canada and France as well as the United Kingdom.

Although competition in the United Kingdom for good investments remained strong, Charterhouse Development Capital (of which the group owns 47.6 per cent) invested in a number of companies, including several management buy-outs. Its underlying portfolio of minority investments in unlisted companies continues to provide a very satisfactory return to its shareholders, achieved from a mixture of dividends and profitable sales of underlying investments.

Five investments were made in Canada and three in France.

Development capital activities in the United States again produced excellent results. During the year, investments were made in A C Manufacturing, manufacturers of air conditioning equipment, and in Golding Industries, a producer of mattress ticking. The performance of the American portfolio is encouraging and considerable growth in the value of the investments is anticipated. Partial realisations were again made in Dreyer's Grand Ice Cream

and Paco Pharmaceutical Services, still leaving significant minority holdings in these very successful growing companies.

#### Manufacturing

|                        | £'000  |        |
|------------------------|--------|--------|
|                        | 1982   | 1981   |
| o Capital employed     | 62,994 | 40,528 |
| Profit before interest | 7,723  | 3,941  |

- o including short term borrowings

The group's portfolio of manufacturing subsidiaries produced some excellent results despite the difficult economic conditions prevailing in both the United Kingdom and overseas.

Profit before interest increased by 96 per cent notwithstanding a sharp reduction in orders received in the third quarter. With demand generally flat throughout the second half of the year, the better performance resulted principally from cost reduction and improvements in productivity and new product introductions.

Both construction products companies in the United Kingdom achieved impressive results. Charcon's profit improved substantially despite a static market for kerb and flag products. There was encouraging volume growth in decorative and new products. Charcon Tunnels operated at full capacity and profit doubled.

Alternator manufacturers, Newage Engineers, started the year well. However, the second half saw a significant fall in demand from markets in Africa and the Middle East and overall results were similar to last year. A notable achievement during the year was the redesign of a major part of the company's product range.

Newage Transmissions, which manufactures transmission systems for off-road vehicles, had a better year overall with a substantial increase in activity in the first nine months. Conditions became more difficult in the last quarter and forward orders declined for both the axle and gearbox products.

Kay & Co made a significant contribution to manufacturing profit and its results were well up on 1981. 1982 saw the first

contribution from Electrolok, its acquisition in the security installation sector.

The largest acquisition in the manufacturing sector was Coloroll Holdings which manufactures wallcoverings and markets both wallcoverings and a range of textiles and fabrics in the United Kingdom and overseas. In April 1982, Charterhouse led a consortium of institutions which acquired 90 per cent from the previous owners. Charterhouse itself acquired 53.3 per cent for £9.6 million through the consortium. Coloroll made a satisfactory contribution to group results.

#### Services

|                        | £'000  |        |
|------------------------|--------|--------|
|                        | 1982   | 1981   |
| o Capital employed     | 47,232 | 25,102 |
| Profit before interest | 5,462  | 4,585  |

- o including short term borrowings

Profit from investments in this sector increased by 19 per cent due principally to a first time contribution from P J Burke and a significant loss reduction in the two tool distribution companies, PTS Tool Specialists and Hireplus.

Expand, a holding company in France, provides specialised advertising and promotional services to the pharmaceutical industry and a range of services to other industries. In view of the economic climate in France during 1982, Expand did well to increase its profits, assisted by the acquisition of a company servicing the property maintenance market.

The other main overseas company, Alentec, in Sweden, produced disappointing results which were accentuated by the devaluation of the Swedish krona and by problems in Alentec's German subsidiary.

Although profit from Spring Grove, the workwear and cabinet towel rental company, of which the group owns 36 per cent, was lower, the results were reasonable in view of the high level of unemployment in the United Kingdom.

*Continued on page 10*

# REVIEW OF 1982

continued

P J Burke is a supplier of specialised pipe-laying services to British Gas and the National Coal Board in the Yorkshire area. The group already owned a minority shareholding through Charterhouse Development and, by making a further investment of £4.1 million, the group's holding is now 71.4 per cent. The company had a successful year and has opportunities for considerable growth.

The portfolio of manufacturing and service companies performed well and some notable achievements were recorded. Individual managing directors reacted positively to difficult conditions and it has been a prime objective of the central management team to motivate them and create the right climate of confidence in which they can operate and succeed. The policy is to back successful management to achieve growth objectives and to cut down areas which are cash-consuming or cannot produce adequate cash returns. 1982 saw useful progress in achieving this aim.

## Oil exploration and production

|                        | £'000 |        |
|------------------------|-------|--------|
|                        | 1982  | 1981   |
| Capital employed       | 6,849 | 15,952 |
| Profit before taxation | 3,683 | 4,890  |

The lower profit from oil exploration and production activities reflects the reduction in the group's holding in Charterhouse Petroleum from 48.4 per cent to 19.5 per cent in September 1982. From that date the group ceased to equity account its results. During the year, the company increased its acreage tenfold to 1.8 million net acres and achieved a high rate of drilling success. Four out of five separate exploration prospects drilled during 1982 in areas as widely dispersed as the East Shetlands Basin, the Inner Moray Firth, the Outer Moray Firth and South East England resulted in new oil or gas discoveries or extensions to earlier discoveries.

The Charterhouse Group plc

# DIRECTORS' REPORT & ACCOUNTS

# DIRECTORS' REPORT

To be presented at the Forty-Eighth Annual General Meeting of The Charterhouse Group plc to be held at Plaisterers Hall, 1 London Wall, London EC2 on Friday, 27th May 1983 at 12 noon.

## Profit and dividends

The consolidated profit for the year ended 31st December 1982 after taxation and minority interests but before extraordinary items amounted to £15,095,000.

The directors recommend a final ordinary dividend of 3.25 pence per fully paid ordinary share which, together with the interim ordinary dividend paid on 4th November 1982, makes a total for the year of 5.175 pence per share. The final ordinary dividend, if approved, will be paid on 28th May 1983 to ordinary shareholders on the register on 29th April 1983.

## Review of activities

Details of the group's activities and objectives are given in the Review section (pages 8 to 10) and the principal subsidiaries, associated companies and other investments are listed on pages 32 to 35.

### P J Burke (Holdings)

On 6th April 1982, the group acquired for £4,148,000 the 55 per cent of P J Burke (Holdings) Limited not already owned by it. At an Extraordinary General Meeting held on 28th May 1982, shareholders approved an agreement (the Stockdale Agreement) whereby the group subsequently reduced its holding to 71.4 per cent.

### Coloroll Holdings

On 13th April 1982, 13,360,737 ordinary shares of 25p each fully paid, were issued in connection with the group's acquisition for £9,528,000 of a 53.28 per cent share in Coloroll Holdings Limited a consortium company holding 90 per cent of Coloroll Limited. A further £82,000 was paid in cash on completion.

### Alenco Hilyn

On 2nd July 1982, the group disposed of its wholly owned subsidiary, Alenco Hilyn Limited, for £450,000.

### Charterhouse Petroleum

On 14th September 1982, the group reduced its holding in Charterhouse Petroleum plc from 48.4% to 19.5% through the sale of 23,100,000 ordinary shares of 25p each for £17,070,000 in cash.

On the same date certain directors of Charterhouse Petroleum one of whom was, within the past year, a director of Charterhouse Japhet plc were granted a right to acquire 2,200,000 ordinary shares of 25p each of Charterhouse Petroleum out of the group's remaining 15,600,000 shareholding at a price of 100 pence per share exercisable up to 31st December 1985.

### Woolworth Holdings

On 19th October 1982, the group's banking subsidiary, Charterhouse Japhet plc, made an offer on behalf of Paternoster Stores plc (now Woolworth Holdings plc) for the whole of the issued capital of F W Woolworth p.l.c. Woolworth World Trade Corporation had undertaken to accept this offer in respect of its 52.63 per cent holding. Paternoster Stores was formed for the purpose of making this offer and had received commitments to subscribe for its share and loan capital from a number of investment institutions including the group.

In connection with this offer the group subscribed for the following shares and loan stock in Woolworth Holdings, namely, (1) 5,000,000 ordinary shares of 50p each at £1.50 per share and (2) £6,750,000 11% convertible unsecured loan stock 1989 at par. The group also has an option to subscribe for 4.5 per cent of the issued share capital of Woolworth Holdings (approximately 3 million shares) at £1.50 per share exercisable during the three months following the publication of the audited accounts of the company for any of the three years ending 31st January 1985, 1986 and 1987. Arrangements are contemplated which may result in a third party having an interest of not more than 35 per cent in this option and in the group's holding of convertible unsecured loan stock. On 25th November, 1982, the group sold 1,333,334 ordinary shares reducing its equity shareholding to 3,666,666 shares being 5.4 per cent of the issued ordinary share capital of Woolworth Holdings.

Charterhouse Development Capital Limited, in which the group has a 47.6 per cent interest, subscribed for 250,000 ordinary shares of 50p each at £1.50 per share and £377,000 14% unsecured loan stock 1987/89 at par of Woolworth Holdings. These ordinary shares were sold on 1st March 1983.

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In connection with this offer the group subscribed for the following shares and loan stock in Woolworth Holdings, namely, (1) 90,000 ordinary shares of 50p each at £1.50 per share and (2) £6,750,000 11% convertible unsecured loan stock 1989 at par. The group also has an option to subscribe for 4.5 per cent of the issued share capital of Woolworth Holdings (approximately 3 million shares) at £1.50 per share exercisable during the three months following the publication of the audited accounts of the company for any of the three years ending 31st January 1985, 1986 and 1987. Arrangements are contemplated which may result in a third party having an interest of not more than 35 per cent in this option and in the group's holding of convertible unsecured loan stock. On 25th November, 1982, the group sold 1,333,334 ordinary shares reducing its equity shareholding to 3,666,666 shares being 5.4 per cent of the issued ordinary share capital of Woolworth Holdings.

Charterhouse Development Capital Limited, in which the group has a 47.6 per cent interest, subscribed for 250,000 ordinary shares of 50p each at £1.50 per share and £375,000 14% unsecured loan stock 1987/89 at par of Woolworth Holdings. These ordinary shares were sold on 1st March 1983.



Woolworth Holdings (continued)

Mr M V Blank, a director of Charterhouse Japhet, was permitted (i) to subscribe or procure subscribers for £750,000 11% convertible unsecured loan stock 1989 of Woolworth Holdings at par and (ii) to subscribe for up to 0.5 per cent of the issued share capital of Woolworth Holdings (approximately 340,000 shares) at £1.50 per share on the same terms and conditions as those attaching to the group's option referred to above.

Analysis by activity  
and geographical analysis

The analysis of the group's results by its principal activities and by geographical location are contained in Notes 2 and 3 to the Accounts on page 24.

Fixed assets

Details of the movements in fixed assets are shown in Note 19 on page 30.

Share and loan capital

On 1st February 1982, 301,204 ordinary shares of 25p each fully paid were issued as consideration for the acquisition of Electrolok Company (Security) Limited and Autolok Manufacturing Company Limited.

At an Extraordinary General Meeting on 28th May 1982, ordinary shareholders approved the introduction of The Charterhouse Group 'A' and 'B' Employee Share Schemes 1982. On 29th June 1982, 27,183 ordinary shares of 25p each were allotted fully paid at 71p per share under the terms of the 'A' scheme.

During the year ended 31st December 1982, 107,856 ordinary shares of 25p each were allotted following the exercise of options granted under the share option schemes approved by shareholders in 1973 and 1978. The total consideration was £64,635.

During the year ended 31st December 1982, 24,000 ordinary shares of 25p each, which had been issued on 15th July 1971 at 69.5p per share ½p paid, under the terms of The Charterhouse Group Senior Executive Incentive Scheme, were the subject of calls amounting to £16,346 and became fully paid.

During the year ended 31st December 1982, the company purchased in the market £850,023 nominal of its 7% debenture stock 1986/91 and £1,583,845 nominal of its 8½% unsecured loan stock 1990/95 for £571,788 and £1,168,275 respectively, and the relevant amounts of stock were cancelled.

The Prudential Corporation plc has informed the company that it holds 16,585,327 (10.0%) fully paid ordinary shares. The Directors are not aware of any other holding representing 5% or more of the fully paid ordinary shares of the company.

Close company status

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1970, as amended.

Employees

The weekly average number of employees in the United Kingdom of the company and its subsidiaries was 5,521 (1981 - 4,778) and their remuneration for the year ended 31st December 1982 amounted to £41,852,000 (1981 - £30,122,000). At 31st December 1982 the total number of employees worldwide was 7,512 (1981 - 6,515).

Political contributions and  
charitable donations

A contribution of £5,000 (1981 - £5,000) was made to British United Industrialists. Charitable donations amounted to £37,000 (1981 - £28,000).

Banking subsidiaries

For the purpose of Article 102 of the Articles of Association, the directors designate as 'banking subsidiaries' the companies listed on page 35.

Directors

The present directors of the company are shown on page 7. Mr H S Clarke retired from the board at the conclusion of the Annual General Meeting on 28th May 1982 and Mr R E Artus, who joined the board in 1980, resigned on 31st December 1982.

Mr G C Rowett, Mr D E Wilde and Mr M H F Morley retire by rotation in accordance with the Articles of Association. Mr Rowett, who retired from executive duties on 29th October 1982 when he ceased to be group chief executive, and Mr Wilde do not seek re-election but Mr Morley, being eligible, offers himself for re-election.

*continued on page 14*

# DIRECTORS' REPORT

continued

## Directors' interests

The interests, as defined by the Companies Act 1967, of the directors and their families in shares, debentures and loan stocks of the company at 31st December 1982 and at 31st December 1981 are set out below and reproduce the information in the register which is kept for this purpose at the company's registered office and which will be available for inspection at the Annual General Meeting.

|                     | 31st December<br>or on appointment | Ordinary shares Fully paid | 25 pence<br>1/2p paid | Ordinary<br>share options |
|---------------------|------------------------------------|----------------------------|-----------------------|---------------------------|
| P G Benham          | 1982                               | 3,224                      | —                     | —                         |
|                     | 1981                               | 3,224                      | —                     | —                         |
| E G Cox             | 1982                               | 2,760 ○                    | 20,000                | 135,000                   |
|                     | 1981                               | 1,600                      | 20,000                | 135,000                   |
| J A Downes          | 1982                               | 10,000                     | 20,000                | 145,800                   |
|                     | 1981                               | 10,000                     | 20,000                | 145,800                   |
| Sir Nigel Foulkes   | 1982                               | 600                        | —                     | —                         |
|                     | 1981                               | 600                        | —                     | —                         |
| Sir Campbell Fraser | 1982                               | 400                        | —                     | —                         |
|                     | Appointed 29th January 1982        | 400                        | —                     | —                         |
| J B Hyde            | 1982                               | 2,160 ○                    | —                     | 175,000                   |
|                     | 1981                               | 400                        | —                     | 175,000                   |
| C M Keyser          | 1982                               | 554,543 ○                  | —                     | —                         |
|                     | 1981                               | 554,543                    | —                     | —                         |
| GN Mobbs            | 1982                               | 5,000                      | —                     | —                         |
|                     | 1981                               | 5,000                      | —                     | —                         |
| M H F Morley        | 1982                               | 2,760 ○                    | —                     | 155,000                   |
|                     | 1981                               | 5,000                      | —                     | 150,000                   |
| G C Rowett          | 1982                               | 51,760 ○                   | —                     | 133,534                   |
|                     | 1981                               | 50,000                     | —                     | 133,534                   |
| K H Thompson        | 1982                               | 2,960 ○                    | —                     | 161,400                   |
|                     | 1981                               | 1,200                      | —                     | 125,000                   |
| D E Wilde           | 1982                               | 10,000                     | —                     | —                         |
|                     | 1981                               | 10,000                     | —                     | —                         |

- Includes a non-beneficial interest in 46,990 shares (31.12.81 — 46,990). Mr C M Keyser also held 16,600 5.75% cumulative second preference shares (31.12.81 — 16,600).
- These shareholdings include 1,760 shares issued under The Charterhouse Group 'A' Employee Share Scheme 1982. As Trustees of this Scheme Sir Campbell Fraser, Mr GN Mobbs and Mr G C Rowett have a non-beneficial interest in a further 18,383 shares which are not included above.

The partly paid shares were issued under the terms of The Charterhouse Group Senior Executive Incentive Scheme. The share options have been granted under the terms of Share Option Schemes, further details of which are given in Note 12 on page 27.

Between 31st December 1982 and 7th April 1983, Mr E G Cox, Mr J A Downes and Mr K H Thompson exercised options on 6,000, 13,200 and 34,000 ordinary shares of 25p each respectively and sold the relevant shares. No other changes have taken place in directors' shareholdings since 31st December 1982. No director has any beneficial interest in any shares or debentures of any subsidiary company of the group.

Other than as disclosed in Note 8 on page 26 to the Accounts, no director has, or has had, during the year under review, any beneficial interest in any contract or arrangement with the company or any of its subsidiaries as defined by the Companies Act 1980 or in the terms laid down in the Stock Exchange Listing Agreement.

## Auditors

The joint auditors Price Waterhouse and Ernst & Whinney have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

GN Mobbs J B Hyde Directors K W Ritchie Secretary

7th April 1983

# AUDITORS' REPORT

To the members of The Charterhouse Group plc

We have audited the accounts set out on pages 16 to 34 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties and investments and incorporate information in respect of the banking subsidiary on the basis authorised for a banking company.

In our opinion the accounts give on the bases stated above a true and fair view of the state of affairs of the company and of the group at 31st December 1982 and of the profit and the source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

Price Waterhouse  
Ernst & Whinney  
Chartered Accountants

*Para Wab...*  
*Ernst & Whinney*

London 7th April 1983

# GROUP ACCOUNTING POLICIES

## Introduction

The principal accounting policies of the group are given below. With the exception of the bank, common accounting policies are adopted by all companies in the group.

## Group accounts

The group accounts deal with the accounts of the company and its subsidiaries including the bank, Charterhouse Japhet plc and its subsidiaries. The results of subsidiaries and associated companies acquired and sold during the year are included in the consolidated profit and loss account from and to the effective dates of acquisition and disposal respectively.

The accounts are prepared under the historical cost convention with the exception that (1) certain freehold and long leasehold properties are stated at valuation and (2) investments in companies which were formerly associated companies are stated at their proportionate carrying value under the equity accounting method at the date they ceased to be associated companies.

## Companies Act 1981

As permitted by the transitional arrangements of the Companies Act 1981 the accounts do not comply with the new format and disclosure requirements but have been prepared in compliance with Sections 149A and 152A of and Schedule 8A to the Companies Act 1948.

## The bank

Charterhouse Japhet plc, a wholly owned subsidiary, is a banking company and is accordingly not required under the Companies Acts 1948 and 1967 to show in its balance sheet the aggregate amount of its reserves, the movements therein and the market value of its investments. In its own accounts the profit of the bank and its subsidiaries is stated after tax and transfer to inner reserve out of which provision is made for diminution in the value of its assets. In the group accounts this profit has been grossed up at the bank's average rate of tax. Inter company balances with other members of the group are not eliminated on consolidation.

## Net premium on acquisitions

On the acquisition of a subsidiary the excess of the cost of the shares acquired by the group over the fair value of the attributable net assets at the date of acquisition is shown in the consolidated balance sheet as premium on acquisition. It is an accounting policy of the group to write down this figure when its value can no longer be supported. Where the consideration for an acquisition is satisfied wholly or in part by an exchange of shares such shares are treated as having been issued at a fair value having regard to all the circumstances of the acquisition.

## Associated companies

Associated companies are those companies in which the group's interest is either (a) effectively that of a partner in a joint venture or (b) substantial and for the long term and where in both cases the group is in a position to exercise significant influence on financial and operating policy decisions.

The group brings into the consolidated profit and loss account its share of the profits and losses of these companies and into the consolidated balance sheet its share of their net assets together with the premium or discount arising on acquisition. For this purpose the latest available accounts are used made up to the date of the group accounts or to a date not more than three months earlier.

Profits and losses on the sale of investments in associated companies which are short term joint ventures are included in the consolidated profit and loss account as profit before interest of the 'Parent company and subsidiaries'. Profits and losses on the sale of investments in associated companies which were acquired for the long term are dealt with as extraordinary items.

The group has a number of development capital investments in which it holds 20% or more of the equity share capital. These investments are not accounted for as associated companies because the group does not hold them for the long term and does not conduct its business through them. (See 'Investments' on page 17).

**Investments**

Held by the bank

Held by other subsidiaries

Investments are included in the consolidated balance sheet on the following bases:

Listed investments are stated individually at the lower of cost or market value and unlisted investments individually at the lower of cost or directors' valuations.

Listed investments are stated on an aggregate basis at the lower of cost less provisions or market value and unlisted investments on an aggregate basis at the lower of cost less provisions or directors' valuation. When an investment ceases to be an associated company it is stated at the proportionate carrying value under the equity accounting method at that date less any subsequent provision.

Income from investments is included in the consolidated profit and loss account on the basis of dividends receivable together with related tax credits.

**Stocks and work-in-progress**

Stocks are valued at the lower of cost or estimated net realisable value, allowance being made for obsolete and slow moving items. Cost in this context includes an appropriate proportion of overheads. Work-in-progress is valued on a similar basis less amounts received on account.

**Research and development expenditure**

Expenditure on research and development is charged in the consolidated profit and loss account in the year in which it is incurred.

**Depreciation**

Depreciation is provided on all assets with the exception of land. It is calculated on a straight line basis by reference either to original cost (reduced by Government grants) or valuation and estimated useful life. In most instances the periods of estimated useful life used for this purpose are as follows:

|                                       |                         |
|---------------------------------------|-------------------------|
| Freehold and long leasehold buildings | 40 years                |
| Short leasehold buildings             | The period of the lease |
| Plant and equipment                   | 10 years                |
| Motor vehicles                        | 4 years                 |

**Oil exploration and production**

In the case of Charterhouse Petroleum plc, (an associated company for part of the year) engaged in oil exploration and production, substantially all its North Sea oil development expenditure is depreciated on a unit of production basis on a prudent estimate of commercially recoverable reserves. Expenditure on unsuccessful wells and general exploration expenditure is written off over 3 years

**Extraordinary items**

Extraordinary items derive from events or transactions outside the ordinary activities of the group which are material and not expected to recur frequently or regularly. They are shown separately in the consolidated profit and loss account less taxation attributable thereto.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of short term timing differences and other timing differences of a material amount which are expected to result in a taxation liability in the foreseeable future. Advance corporation tax which is expected to be recovered more than 12 months after the end of the financial year is also included in the deferred tax account.

No provision has been made for taxation which would arise in the event of distribution by overseas subsidiaries and associated companies of their retained profits and reserves.

**Foreign currencies**

Assets and liabilities and trading results in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the year. The sterling effect of translating the group's net overseas assets at the beginning of the year at year end rates of exchange is shown separately in the consolidated profit and loss account.

The Charterhouse Group plc and its subsidiaries

# CONSOLIDATED PROFIT & LOSS ACCOUNT

£'000

|   | For the year ended 31st December | Notes | 1982          | 1981          |
|---|----------------------------------|-------|---------------|---------------|
| <b>Profit and loss account</b>                        |                                  |       |               |               |
| <b>Profit before interest payable</b>                 |                                  |       |               |               |
| Parent company & subsidiaries excluding the bank..... | 1                                |       | 16,034        | 14,776        |
| Associated companies.....                             |                                  |       | 8,749         | 10,149        |
| o The bank .....                                      |                                  |       | 7,470         | 5,975         |
|   |                                  |       | <u>32,253</u> | <u>31,200</u> |
| Interest payable on short term borrowings .....       | 4                                |       | 4,956         | 4,518         |
|   |                                  |       | <u>27,297</u> | <u>26,682</u> |
| Interest payable on long and medium term borrowings   | 4                                |       | 4,435         | 4,096         |
| <b>Profit before taxation</b> .....                   |                                  |       | <u>22,862</u> | <u>22,586</u> |
| Taxation.....   | 5                                |       | 6,595         | 11,307        |
| <b>Profit after taxation</b> .....                    |                                  |       | <u>16,267</u> | <u>11,279</u> |
| Attributable to minority shareholders .....           |                                  |       | 1,172         | 319           |
| <b>Profit before extraordinary items</b> .....        |                                  |       | <u>15,095</u> | <u>10,960</u> |
| Profit on currency translation.....                   |                                  |       | 2,919         | 1,546         |
| Extraordinary profit/(loss).....                      | 6                                |       | 3,357         | (4,431)       |
| <b>Profit attributable to shareholders</b> .....      |                                  |       | <u>21,371</u> | <u>8,075</u>  |
| Dividends paid and proposed .....                     | 10                               |       | 8,744         | 7,688         |
| <b>Retained profit for the year</b> .....             |                                  |       | <u>12,627</u> | <u>387</u>    |

o After transfer to inner reserve

|                                   |    | Pence | Pence |
|-----------------------------------|----|-------|-------|
| <b>Earnings and dividends</b>     |    |       |       |
| Earnings per ordinary share.....  | 11 | 9.19  | 7.12  |
| Dividends per ordinary share..... | 10 | 5.175 | 4.925 |


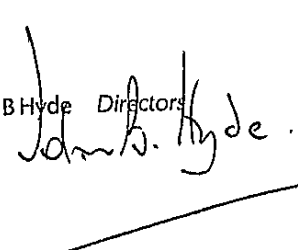
|                                    |    | £'000         | £'000         |
|------------------------------------|----|---------------|---------------|
| <b>Movement on reserves</b>        |    |               |               |
| At 31st December 1981 .....        |    | 38,929        | 38,542        |
| Retained profit for the year.....  |    | 12,627        | 387           |
| <b>At 31st December 1982</b> ..... | 14 | <u>51,556</u> | <u>38,929</u> |

The Charterhouse Group plc and its subsidiaries

# CONSOLIDATED BALANCE SHEET

£'000

|  | 31st December                  | Notes   | 1982    | 1981    |
|--|--------------------------------|---------|---------|---------|
| <hr/>  |                                |         |         |         |
| Capital employed                                   | Ordinary shareholders          |         |         |         |
|  | Ordinary share capital .....   | 12      | 41,458  | 38,002  |
|  | Share premium.....             | 13      | 40,784  | 34,458  |
|  | Reserves .....                 | 14      | 51,556  | 38,929  |
|  |                                |         | <hr/>   | <hr/>   |
|  |                                |         | 133,798 | 111,389 |
|  | Preference shareholders        |         |         |         |
|  | Preference share capital ..... | 12      | 3,208   | 3,208   |
|  |                                |         | <hr/>   | <hr/>   |
|  |                                |         | 137,006 | 114,597 |
| <hr/>  |                                |         |         |         |
| Minority shareholders .....                        |                                |         | 8,656   | 2,273   |
| Long and medium term loans.....                    | 15                             | 41,464  | 42,316  |         |
| Deferred taxation .....                            | 17                             | (154)   | (743)   |         |
|  |                                | <hr/>   | <hr/>   |         |
|  |                                | 186,972 | 158,443 |         |
| <hr/>  |                                |         |         |         |
| Employment of capital                              |                                |         |         |         |
| Parent company and subsidiaries excluding the bank |                                |         |         |         |
| Fixed assets .....                                 | 19                             | 44,823  | 22,524  |         |
| Investments.....                                   | 18                             | 23,759  | 14,028  |         |
| Net current assets .....                           | 20                             | 15,076  | 18,873  |         |
| Net premium on acquisitions .....                  | 21                             | 11,406  | 5,567   |         |
|  |                                | <hr/>   | <hr/>   |         |
|  |                                | 95,064  | 60,992  |         |
| <hr/>  |                                |         |         |         |
| Associated companies .....                         |                                | 22      | 25,522  | 35,315  |
| <hr/>  |                                |         |         |         |
| The bank   |                                |         |         |         |
| Net assets of Charterhouse Japhet plc .....        | Page 21                        | 65,767  | 61,517  |         |
| Net premium on acquisition .....                   |                                | 619     | 619     |         |
|  |                                | <hr/>   | <hr/>   |         |
|  |                                | 66,386  | 62,136  |         |
| <hr/>  |                                |         |         |         |
|  |                                | 186,972 | 158,443 |         |
| <hr/>  |                                |         |         |         |

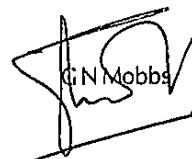
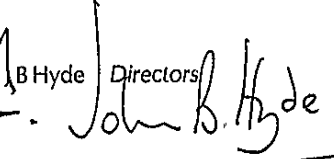

  
 G.N. Mobbs J.B. Hyde Directors

The Charterhouse Group plc

# BALANCE SHEET OF THE PARENT COMPANY

£'000

|   | 31st December | Notes  | 1982           | 1981           |
|---|---------------|--------|----------------|----------------|
| <b>Capital employed</b>                         |               |        |                |                |
| <b>Ordinary shareholders</b>                    |               |        |                |                |
| Ordinary share capital.....                     | 12            | 41,458 | 38,002         |                |
| Share premium.....                              | 13            | 40,784 | 34,458         |                |
| Reserves .....                                  | 14            | 2,840  | 2,809          |                |
|   |               |        | <u>85,082</u>  | <u>75,269</u>  |
| <b>Preference shareholders</b>                  |               |        |                |                |
| Preference share capital.....                   | 12            | 3,208  | 3,208          |                |
|   |               |        | <u>88,290</u>  | <u>78,477</u>  |
| <b>Long and medium term loans</b> .....         | 15            | 38,946 | 39,428         |                |
|   |               |        | <u>127,236</u> | <u>117,905</u> |
| <b>Employment of capital</b>                    |               |        |                |                |
| <b>Investments in subsidiaries</b>              |               |        |                |                |
| Shares at cost less amounts written off.....    |               | 58,130 | 65,418         |                |
| Amounts owed by subsidiaries.....               |               | 93,457 | 88,508         |                |
|   |               |        | <u>151,587</u> | <u>153,926</u> |
| <b>Less: Amounts owed to subsidiaries</b> ..... |               |        | 12,970         | 29,058         |
|   |               |        | <u>138,617</u> | <u>124,868</u> |
| <b>Current assets</b>                           |               |        |                |                |
| Debtors.....                                    |               | 88     | 213            |                |
| Bank balances.....                              |               | 408    | 1,804          |                |
|   |               |        | <u>496</u>     | <u>2,017</u>   |
| <b>Less:</b>                                    |               |        |                |                |
| <b>Current liabilities</b>                      |               |        |                |                |
| Creditors.....                                  |               | 2,621  | 578            |                |
| Bank loans and overdrafts.....                  |               | 889    | 948            |                |
| Ordinary and preference dividends.....          |               | 5,428  | 4,609          |                |
| Taxation.....                                   |               | 2,939  | 2,845          |                |
|   |               |        | <u>11,877</u>  | <u>8,980</u>   |
| <b>Net current liabilities</b> .....            |               |        | (11,381)       | (6,963)        |
|   |               |        | <u>127,236</u> | <u>117,905</u> |


  
 G N Mobbs B Hyde Directors



Charterhouse Japhet plc and its subsidiaries

# CONSOLIDATED BALANCE SHEET OF THE BANK

£'000

|                       | 31st December   | Footnotes | 1982    | 1981    |
|-----------------------|---|-----------|---------|---------|
| Capital employed      | Share capital.....  |           | 42,000  | 42,000  |
|                       | Share premium account.....  |           | 10,000  | 10,000  |
|                       | Reserves.....   |           | 13,767  | 9,517   |
|                       |   | A         | 65,767  | 61,517  |
|                       | Loan capital.....   | B         | 5,641   | 4,961   |
|                       |   |           | 71,408  | 66,478  |
|                       | Current, deposit and other accounts<br>including provisions and inner reserve.....  |           | 731,100 | 516,664 |
|                       | Amounts due to fellow subsidiaries.....   |           | 6,735   | 9,531   |
|                       | Acceptances for customers.....  |           | 75,441  | 66,091  |
|                       | Minority shareholders.....  |           | 15      | 13      |
|                       |   |           | 884,699 | 658,777 |
| Employment of capital | Balances with bankers, money at call and bullion.....                               |           | 48,606  | 37,177  |
|                       | Treasury bills, bank certificates<br>of deposit and bills discounted.....           |           | 95,797  | 56,079  |
|                       | British Government and local<br>authority listed securities and yearling bonds..... |           | 8,282   | 9,928   |
|                       | Money at short notice.....  |           | 133,049 | 46,614  |
|                       | Other loans to local authorities and banks .....                                    |           | 175,613 | 129,836 |
|                       | Investments Listed in Great Britain.....  |           | 13,944  | 5,553   |
|                       | Listed elsewhere.....   |           | 1,658   | 1,267   |
|                       | Unlisted.....   |           | 11,428  | 2,259   |
|                       | Loans, advances and other accounts.....   |           | 317,986 | 296,051 |
|                       | Amounts due from fellow subsidiaries.....   |           | 2,739   | 7,743   |
|                       | Liability of customers for acceptances.....   |           | 75,441  | 66,091  |
|                       | Trade investments.....  |           | 156     | 174     |
|                       | Investments in associated companies.....  |           | —       | 5       |
|                       |   |           | 884,699 | 658,777 |

## Footnotes

- A The net assets of the bank are included in the consolidated balance sheet of The Charterhouse Group plc on page 19.
- B Loan capital comprises US\$9,110,000 (1981 — US\$9,500,000) Floating Rate Notes 1985. Interest is payable at a rate of ¼ per cent per annum above the London inter-bank offered rate for six month Eurodollar deposits subject to a minimum rate of 6 per cent per annum. The Notes mature in August 1985.

The Charterhouse Group plc and its subsidiaries excluding the bank

# SOURCE & APPLICATION OF FUNDS STATEMENT

£'000

|                      | For the year ended 31st December                         | Notes | 1982            | 1981           |
|----------------------|--|-------|-----------------|----------------|
| Source of funds      | Profit before taxation excluding the bank.....           |       | 15,392          | 16,611         |
|                      | Profit on currency translation.....                      | B     | 2,919           | 1,546          |
|                      | Extraordinary profit.....                                |       | 7,371           | 506            |
|                      | <i>Items not involving the movement of funds</i>         |       |                 |                |
|                      | Depreciation and other provisions.....                   |       | 5,244           | 3,961          |
|                      | Profits of associated companies.....                     |       | (8,749)         | (10,449)       |
|                      |  |       | 22,177          | 12,175         |
|                      | Sales of fixed assets.....                               |       | 837             | 2,612          |
|                      | Sales of investments.....                                |       | 4,609           | 2,744          |
|                      | Sales of associated companies.....                       | A     | 18,875          | 1,751          |
|                      | Dividends from the bank and associated companies.....    | A     | 4,104           | 4,318          |
|                      | Sales of subsidiary companies.....                       | C     | 6,462           | 7,321          |
|                      | Ordinary and preference shares issued.....               |       | 9,782           | 977            |
|                      |  |       | <u>66,846</u>   | <u>31,898</u>  |
| Application of funds | Additions to fixed assets.....                           |       | 11,542          | 8,646          |
|                      | Additions to investments.....                            | A     | 18,006          | 3,016          |
|                      | Investments in associated companies.....                 |       | 6,146           | 4,337          |
|                      | Movements in working capital                             |       | 4,373           | (124)          |
|                      | Stocks.....  |       |                 | 11,725         |
|                      | Debtors.....   |       | 260             | (9,016)        |
|                      | Creditors.....   |       | 1,466           | 2,768          |
|                      | Taxation paid and other taxation movements.....          |       | 4,451           | 7,289          |
|                      | Dividends paid To shareholders of the parent company ... |       | 7,925           | 191            |
|                      | To minority shareholders in subsidiaries...              |       | 625             | —              |
|                      | Net movement in premium on acquisitions.....             |       | 24              | —              |
|                      | Acquisition of subsidiary companies.....                 | D     | 23,850          | 4,942          |
|                      |  |       | <u>78,668</u>   | <u>33,774</u>  |
| Net funds movement   | <i>Reduction in net funds</i>                            |       |                 |                |
|                      | Decrease/(increase) in long and medium term borrowings   |       | 852             | (16,722)       |
|                      | (Increase)/decrease in short term borrowings.....        |       | (11,848)        | 3,055          |
|                      | (Decrease)/increase in cash and bank balances.....       |       | (826)           | 11,791         |
|                      |  |       | <u>(11,822)</u> | <u>(1,876)</u> |

The notes on page 23 form part of this statement

# NOTES TO THE STATEMENT

£'000

For the year ended 31st December

1982

## A Basis of preparation

The bank and associated companies have been excluded from this Statement except to the extent that they contribute to or use group funds.

Sales of investments, fixed assets and associated companies are shown at net book values. Profits and losses arising on such sales are included in profit before tax or are dealt with as extraordinary items.

Sales of associated companies and additions to investments include the proportionate carrying value of investments which have ceased to be associated companies.

## B Profit on currency translation

The profit arising on translating the group's net overseas assets at the beginning of the year at closing rates of exchange was:

|                        |              |
|------------------------|--------------|
| Fixed assets           | 81           |
| Investments            | 118          |
| Stocks                 | (270)        |
| Debtors                | 393          |
| Creditors              | (67)         |
| Taxation               | (64)         |
| Associated companies   | 1,319        |
| Borrowings             | 1,353        |
| Premium on acquisition | 24           |
| Other adjustments      | 32           |
|                        | <u>2,919</u> |

## C Subsidiaries sold

The effect on the group's funds of subsidiaries sold during the year was:

|                                     |              |
|-------------------------------------|--------------|
| Net assets sold                     |              |
| Fixed assets                        | 3,310        |
| Investments                         | 118          |
| Stocks                              | 1,267        |
| Debtors                             | 1,389        |
| Creditors                           | (1,921)      |
| Other adjustments                   | 13           |
|                                     | <u>4,176</u> |
| Premium on acquisition              | 1,647        |
| Profit on sales                     | 639          |
|                                     | <u>6,462</u> |
| Funds generated                     |              |
| Cash received                       | 5,227        |
| Net borrowings of subsidiaries sold | 1,235        |
|                                     | <u>6,462</u> |

## D Subsidiaries acquired

The effect on the group's funds of subsidiaries acquired during the year was:

|   |               |
|---|---------------|
| Net assets acquired                     |               |
| Fixed assets                            | 19,846        |
| Investments                             | (3,262)       |
| Stocks                                  | 12,732        |
| Debtors                                 | 15,032        |
| Creditors                               | (20,769)      |
| Taxation                                | (1,489)       |
| Minority shareholders                   | (5,791)       |
| Other adjustments                       | (73)          |
|   | <u>16,226</u> |
| Premium on acquisition                  | 7,624         |
|   | <u>23,850</u> |
| Share capital and funds applied         |               |
| Shares issued                           | 9,683         |
| Cash paid                               | 9,068         |
| Net borrowings of subsidiaries acquired | 5,099         |
|   | <u>23,850</u> |

# NOTES TO THE ACCOUNTS

£'000

## 1 Group profit is stated

|   | 1982  | 1981  |
|---|-------|-------|
| After charging:   |       |       |
| o Depreciation of fixed assets (Note 19).....             | 4,942 | 3,778 |
| Research and development expenditure .....                | 565   | 264   |
| Hire of plant and machinery .....                         | 3,405 | 1,598 |
| Auditors' remuneration .....                              | 620   | 588   |
| And after crediting:                                      |       |       |
| o Investment income (including related tax credits) from: |       |       |
| Listed investments .....                                  | 64    | 107   |
| Unlisted investments .....                                | 1,612 | 1,361 |
| o Excluding the bank                                      |       |       |

## 2 Activity analysis

|   | o Turnover |        | Profit before interest |         |
|---|------------|--------|------------------------|---------|
|   | 1982       | 1981   | 1982                   | 1981    |
| Development capital.....                        | —          | —      | 9,715                  | 13,309  |
| Manufacturing .....                             | 112,790    | 94,185 | 7,723                  | 3,941   |
| Services.....                                   | 132,239    | 84,555 | 5,462                  | 4,585   |
| Oil exploration and production.....             | —          | —      | 3,683                  | 4,890   |
|   |            |        | 26,583                 | 26,725  |
| Banking (after transfer to inner reserve) ..... |            |        | 7,470                  | 5,975   |
| Unallocated central costs.....                  |            |        | (1,800)                | (1,500) |
|   |            |        | 32,253                 | 31,200  |
| Interest payable .....                          |            |        | 9,391                  | 8,614   |
| Profit before taxation .....                    |            |        | 22,862                 | 22,586  |

o For trading companies turnover comprises invoiced sales. No meaningful turnover can be established for development capital or banking. The turnover of associated companies is excluded.

## 3 Geographical analysis

|                              | Turnover |         | Profit before interest |        |
|------------------------------|----------|---------|------------------------|--------|
|                              | 1982     | 1981    | 1982                   | 1981   |
| United Kingdom .....         | 167,319  | 104,228 | 18,275                 | 13,876 |
| Rest of Europe.....          | 69,704   | 67,115  | 5,436                  | 6,161  |
| North America.....           | 3,420    | 3,429   | 8,191                  | 10,429 |
| Other .....                  | 4,580    | 3,968   | 351                    | 734    |
|                              |          |         | 32,253                 | 31,200 |
| Interest payable .....       |          |         | 9,391                  | 8,614  |
| Profit before taxation ..... |          |         | 22,862                 | 22,586 |

## 4 Interest payable

(excluding interest payable by the bank and associated companies)

|  | 1982  | 1981  |
|--|-------|-------|
| On loans other than bank loans                 |       |       |
| Repayable wholly or in part after 5 years..... | 743   | 858   |
| Repayable wholly within 5 years .....          | 241   | 279   |
| On bank loans and overdrafts .....             | 8,407 | 7,477 |
|  | 9,391 | 8,614 |
| Comprising                                     |       |       |
| Interest on short term borrowings.....         | 4,956 | 4,518 |
| Interest on long and medium term loans.....    | 4,435 | 4,096 |
|  | 9,391 | 8,614 |

£'000

## 5 Taxation

|  | 1982         | 1981          |
|--|--------------|---------------|
| <b>United Kingdom taxation</b>                   |              |               |
| Corporation tax based on the profit for the year | 582          | 124           |
| Corporation tax relief                           | (2,320)      | -             |
| Taxation attributable to UK dividends received   | 205          | 272           |
| Deferred corporation tax                         | 70           | 82            |
| Advance corporation tax written off              | 2,692        | 2,728         |
| Relief for foreign tax                           | (428)        | (248)         |
|  | <u>801</u>   | <u>2,794</u>  |
| <b>Foreign taxation</b>                          |              |               |
| Company taxation                                 | 1,518        | 2,859         |
| Deferred taxation                                | 130          | (147)         |
|  | <u>1,648</u> | <u>2,712</u>  |
| <b>Associated companies</b>                      |              |               |
| Share of company taxation                        |              |               |
| United Kingdom                                   | 2,723        | 4,509         |
| Foreign  | 1,423        | 1,292         |
|  | <u>4,146</u> | <u>5,801</u>  |
| <b>Totals</b>                                    | <u>6,595</u> | <u>11,307</u> |

- o Representing the value of corporation tax losses (at 52%) utilised in relieving the tax liability on the extraordinary profits arising on (a) the sale of shares in an associated company and (b) on the sale of a subsidiary company.

The charge for corporation tax assumes a rate of 52% (1981 - 52%). If tax had been provided on a full deferral basis the charge for the year would not have been significantly higher.

At 31st December 1982 the UK tax losses of the group excluding the bank carried forward were estimated to be in excess of £8 million and in addition there were substantial tax losses carried forward by the bank.

Advance corporation tax amounting to approximately £12 million written off in 1982 and earlier years is available for offset against future UK corporation tax liabilities.

## 6 Extraordinary profit/(loss)

|  | 1982         | 1981           |
|--|--------------|----------------|
| Profits/(losses) on sales of subsidiaries                        | 542          | (3,291)        |
| Profit on the partial sale of one associated company             |              |                |
| less provisions against the carrying cost of others              | 4,442        | -              |
| Profits/(losses) on termination and reorganisation of activities | (321)        | 174            |
| Share of associated companies' reorganisation and closure costs  | (322)        | -              |
| Profit on purchase and cancellation of debenture and loan stock  | 694          | 268            |
| Further provisions for losses on transactions                    |              |                |
| regarded as being outside the group's ordinary activities        | (1,579)      | (1,500)        |
| Amount written off premium on acquisition of subsidiaries        | (162)        | (45)           |
| Other profits/(losses)   | 63           | (37)           |
|  | <u>3,357</u> | <u>(4,431)</u> |

The above items are shown net of attributable tax of £2,234,000 (1981 - inclusive of a tax credit of £71,000).

# NOTES TO THE ACCOUNTS

continued

£'000

## 7 Directors' emoluments

|  | 1982       | 1981       |
|--|------------|------------|
| <b>Present directors</b>   |            |            |
| <i>Emoluments of the directors of The Charterhouse Group plc</i> |            |            |
| Fees as directors  | 56         | 43         |
| Remuneration as executives, including pension contributions      | 493        | 463        |
| Payment to a director following retirement from executive office | —          | 29         |
|  | <u>549</u> | <u>526</u> |

|   |    |    |
|---|----|----|
| <b>Former directors</b>   |    |    |
| Pensions paid to former directors and to dependants of deceased directors | 36 | 33 |

### Particulars of emoluments excluding pension contributions

|                       |    |    |
|-----------------------|----|----|
| Chairman              | 15 | 12 |
| Highest paid director | 87 | 70 |

### Other directors

| £               | £ | Number of directors |
|-----------------|---|---------------------|
| 1 — 5,000       |   | 5                   |
| 5,001 — 10,000  |   | 2                   |
| 10,001 — 15,000 |   | 1                   |
| 15,001 — 20,000 |   | —                   |
| 20,001 — 25,000 |   | 1                   |
| 25,001 — 30,000 |   | —                   |
| 30,001 — 35,000 |   | —                   |
| 35,001 — 40,000 |   | —                   |
| 40,001 — 45,000 |   | 1                   |
| 45,001 — 50,000 |   | —                   |
| 50,001 — 55,000 |   | —                   |
| 55,001 — 60,000 |   | 1                   |
| 60,001 — 65,000 |   | 2                   |
| 65,001 — 70,000 |   | 1                   |

## 8 Loans to directors

Throughout 1982 there were outstanding housing loans to Mr J A Downes of £5,000 at 4½% per annum and to Mr E G Cox of £3,000 at 4½% per annum and £7,500 at Charterhouse Japhet plc base rate + 1½% per annum. Mr Downes' loan is repayable on 8th August 1983.

\* December 1982 there were outstanding loans from Charterhouse Japhet plc to 3 directors totalling £53,772 and a quasi-loan to another director in the form of a guarantee of £21,000.

## 9 Employees' emoluments

Number of employees in the group whose duties were performed wholly or mainly in the United Kingdom and whose emoluments excluding pension contributions exceeded £30,000.

| £               | £ | Number of employees |
|-----------------|---|---------------------|
| 30,001 — 35,000 |   | 15                  |
| 35,001 — 40,000 |   | 8                   |
| 40,001 — 45,000 |   | 5                   |
| 45,001 — 50,000 |   | 4                   |
| 50,001 — 55,000 |   | 1                   |

## 10 Dividends

|  | 1982<br>Pence per share | 1981<br>Pence per share | 1982<br>£'000 | 1981<br>£'000 |
|--|-------------------------|-------------------------|---------------|---------------|
| <b>Ordinary dividends</b>                            |                         |                         |               |               |
| Interim — paid 4th November 1982                     | 1.925                   | 1.925                   | 3,191         | 2,954         |
| Final proposed                                       | 3.250                   | 3.000                   | 5,386         | 4,567         |
|  | <u>5.175</u>            | <u>4.925</u>            | <u>8,577</u>  | <u>7,521</u>  |
| <b>Preference dividends paid and accrued</b>         |                         |                         |               |               |
| 4% Cumulative preference shares of £1 each           |                         |                         | 40            | 40            |
| 5.75% Cumulative second preference shares of £1 each |                         |                         | 127           | 127           |
|  |                         |                         | <u>167</u>    | <u>167</u>    |
| <b>Totals</b>  |                         |                         | <u>8,744</u>  | <u>7,688</u>  |

## 11 Earnings per share

Earnings per share are calculated on earnings of £14,928,000 (1981 - £10,793,000) and 162,419,085 ordinary shares, the weighted average number of shares in issue throughout the year ended 31st December 1982 (1981 - 151,572,760). The 1,382,500 incentive scheme ordinary shares (½p paid) in issue have been taken into account in this calculation only to the extent that they have been paid up.

## 12 Share capital

|  | 1982               | 1981          | 1982               | 1981          |
|--|--------------------|---------------|--------------------|---------------|
|  | Authorised         |               | Issued             |               |
| <b>Ordinary share capital</b>  |                    |               |                    |               |
| Ordinary shares of 25 pence each   | 50,000             | 50,000        |                    |               |
| Fully paid   |                    |               | 41,451             | 37,935        |
| ½p paid  |                    |               | 7                  | 7             |
|  | <u>50,000</u>      | <u>50,000</u> | <u>41,458</u>      | <u>38,002</u> |
| <b>Preference share capital</b>  |                    |               |                    |               |
| 4% Cumulative preference shares of £1 each   | 1,000              | 1,000         | 1,000              | 1,000         |
| 5.75% Cumulative second preference shares of £1  | 4,000              | 4,000         | 2,208              | 2,208         |
|  | <u>5,000</u>       | <u>5,000</u>  | <u>3,208</u>       | <u>3,208</u>  |
|  | Number of shares   |               | Number of shares   |               |
|  | 1982               |               | 1982               |               |
|  | Authorised         |               | Issued             |               |
| <b>Number of ordinary shares</b>   | 200,000,000        |               |                    |               |
| Ordinary shares of 25 pence each   |                    |               |                    |               |
| Fully paid   |                    |               | 165,803,070        |               |
| ½p paid  |                    |               | 1,382,500          |               |
|  | <u>200,000,000</u> |               | <u>167,185,570</u> |               |
| <b>Increase in the year</b>  |                    |               |                    |               |
| <i>The increase in the fully paid ordinary share capital arises as follows</i>                                       | Number of shares   |               | £'000              |               |
| Issued as consideration for acquisitions   | 13,661,941         |               | 3,416              |               |
| Issued on the exercise of share options  | 107,856            |               | 27                 |               |
| Issued on paying up ½p paid shares   | 24,000             |               | 6                  |               |
| Issued under an employee share scheme  | 27,183             |               | 7                  |               |
|  | <u>13,820,980</u>  |               | <u>3,456</u>       |               |
| <b>Share options</b>   |                    |               |                    |               |
| <i>There are outstanding options to acquire ordinary shares under the company's Share Option Scheme exercisable:</i> | Pence per share    |               | Number of shares   |               |
| Between 1st April 1979 and 31st March 1983   | 50.5               |               | 120,200            |               |
| Between 2nd August 1981 and 1st August 1985  | 66.0               |               | 334,400            |               |
| Between 24th September 1984 and 23rd September 1988  | 70.0               |               | 2,549,000          |               |
| Between 23rd November 1984 and 22nd November 1988  | 72.0               |               | 131,000            |               |
| Between 19th April 1985 and 18th April 1989  | 77.0               |               | 35,000             |               |
|  |                    |               | <u>3,169,600</u>   |               |
| <i>And under Savings Related Share Option Schemes exercisable:</i>   |                    |               |                    |               |
| Between 14th June 1983 and 13th June 1985  | 59.0               |               | 327,237            |               |
| Between 1st September 1984 and 31st August 1986  | 61.0               |               | 97,468             |               |
| Between 3rd September 1985 and 2nd September 1987  | 92.0               |               | 30,191             |               |
| Between 27th August 1986 and 26th February 1989  | 86.0               |               | 87,936             |               |
| Between 27th August 1987 and 26th February 1990  | 75.0               |               | 356,160            |               |
|  |                    |               | <u>4,068,592</u>   |               |

## 13 Share premium account

|   |               |
|---|---------------|
| <b>At 31st December 1981</b>                                      | 34,458        |
| <i>Arising on issues of shares during the year (net of costs)</i> |               |
| As consideration for acquisitions                                 | 6,267         |
| On the exercise of share options                                  | 37            |
| On paying up ½p paid shares                                       | 10            |
| Under an employee share scheme                                    | 12            |
| <b>At 31st December 1982</b>                                      | <u>40,784</u> |

# NOTES TO THE ACCOUNTS

continued

£'000

## Reserves

|  | 1982          | Group<br>1981 | 1982         | Company<br>1981 |
|--|---------------|---------------|--------------|-----------------|
| <b>Held by</b>                             |               |               |              |                 |
| The company                                | 2,840         | 2,809         | 2,840        | 2,809           |
| The bank                                   | 14,017        | 9,767         | —            | —               |
| Other subsidiaries                         | 27,314        | 18,206        | —            | —               |
| • Associated companies                     | 7,385         | 8,147         | —            | —               |
|  | <u>51,556</u> | <u>38,929</u> | <u>2,840</u> | <u>2,809</u>    |
| <b>Analysis of reserves</b>                |               |               |              |                 |
| Regarded as available for distribution     | 38,028        | 24,918        | 1,047        | 1,016           |
| Regarded as not available for distribution | 13,528        | 14,011        | 1,793        | 1,793           |
|  | <u>51,556</u> | <u>38,929</u> | <u>2,840</u> | <u>2,809</u>    |

No provision has been made for taxation which would arise in the event of distribution by overseas subsidiaries and associated companies of their retained profits and reserves.

The profit for the year dealt with in the accounts of the company amounted to £8,775,000 (1981 – £8,735,000).

The profit for the year of the bank after taxation and transfer to inner reserve amounted to £7,250,000 (1981 – £5,750,000).

|   |              |
|---|--------------|
| • <b>Movements in reserves of associated companies</b>        |              |
| At 31st December 1981   | 8,147        |
| Disposals and reclassifications (including partial disposals) | (4,479)      |
| Other movements   | 218          |
| Share of retained profits less losses for the year            | <u>3,499</u> |
| At 31st December 1982   | <u>7,385</u> |

## Long and medium term loans

|  | 1982          | Group<br>1981 | 1982          | Company<br>1981 |
|--|---------------|---------------|---------------|-----------------|
| <b>Loans other than bank loans</b>               |               |               |               |                 |
| <i>Repayable wholly or in part after 5 years</i> |               |               |               |                 |
| 7% Debenture stock 1986/91 – secured             | 3,772         | 4,622         | 3,772         | 4,622           |
| 8½% Unsecured loan stock 1990/95                 | 1,624         | 3,208         | 1,624         | 3,208           |
| • Other secured loans                            | 922           | 820           | —             | —               |
| • Other unsecured loans                          | 208           | 1,681         | —             | —               |
|  | <u>6,526</u>  | <u>10,331</u> | <u>5,396</u>  | <u>7,830</u>    |
| <i>Repayable wholly within 5 years</i>           |               |               |               |                 |
| Secured  | 244           | —             | —             | —               |
| Unsecured  | 37            | 33            | —             | —               |
|  | <u>281</u>    | <u>33</u>     | <u>—</u>      | <u>—</u>        |
| <b>Bank loans</b>                                |               |               |               |                 |
| • Bank loans and overdrafts                      | 57,725        | 41,901        | 34,339        | 32,546          |
| Less: Bank overdrafts                            | 19,476        | 11,155        | 759           | 698             |
|  | <u>38,249</u> | <u>30,746</u> | <u>33,580</u> | <u>31,848</u>   |
| <b>Sub totals</b>                                | <u>45,056</u> | <u>44,110</u> | <u>39,076</u> | <u>39,678</u>   |
| Less: Repayments due within 12 months            | 3,592         | 1,794         | 130           | 250             |
| <b>Totals</b>                                    | <u>41,464</u> | <u>42,316</u> | <u>38,946</u> | <u>39,428</u>   |

• These loans carry interest at an average rate of 11.5%. They are repayable at par and are, in the main, being repaid by annual instalments.

• Of the bank loans and overdrafts £6,297,000 (1981 – £5,129,000) is secured.

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## 16 Analysis of long, medium and short term borrowings

|   | Bank<br>1982  | Other<br>1982 | Bank<br>1981  | Other<br>1981 |
|---|---------------|---------------|---------------|---------------|
| Repayable in:                             |               |               |               |               |
| One year or less                          | 22,931        | 2,012         | 12,899        | 196           |
| Between one and two years                 | 14,302        | 201           | 5,784         | 24            |
| Between two and five years                | 13,932        | 216           | 20,896        | 80            |
| More than five years                      | 6,560         | 6,253         | 5,322         | 10,210        |
|   | <u>57,725</u> | <u>8,682</u>  | <u>44,901</u> | <u>10,410</u> |
| Total borrowings                          | 66,407        |               | 55,411        |               |
| Comprising:                               |               |               |               |               |
| Long and medium term borrowings (Note 15) | 41,464        |               | 42,316        |               |
| Short term borrowings (Note 20)           | 24,943        |               | 13,095        |               |
|   | <u>66,407</u> |               | <u>55,411</u> |               |

## 17 Deferred taxation

The group's potential deferred tax liability is analysed below. In accordance with its accounting policy, provision is made only if any part of such potential liability is expected to result in an actual tax liability in the foreseeable future.

|   | Potential<br>liability | Amount<br>provided | Not<br>provided |
|---|------------------------|--------------------|-----------------|
| Accelerated capital allowances                      | 13,593                 | —                  | 13,593          |
| Provisions for losses                               | (473)                  | —                  | (473)           |
| Other timing differences and corporation tax losses | (6,170)                | (154)              | (6,016)         |
| Advance corporation tax payments recoverable        | (4,009)                | —                  | (4,009)         |
| At 31st December 1982                               | <u>2,941</u>           | <u>(154)</u>       | <u>3,095</u>    |
| At 31st December 1981                               | <u>910</u>             | <u>(743)</u>       | <u>1,653</u>    |

The taxation liability which would arise if the group's properties were sold at their balance sheet values would be extinguished by other available tax losses (in excess of those included above) or 'rolled over' into other freehold and long leasehold properties.

## 18 Listed and unlisted investments

|                   |                        | Market value<br>1982 | Market value<br>1981 | Net book value<br>1982 | Net book value<br>1981 |
|-------------------|------------------------|----------------------|----------------------|------------------------|------------------------|
| Listed            |                        |                      |                      |                        |                        |
| Ordinary shares   | Great Britain          | 18,965               | 475                  | 12,519                 | 244                    |
|                   | Elsewhere              | 135                  | 228                  | 131                    | 114                    |
| Loans             | Great Britain          | 2                    | 10                   | 3                      | 12                     |
|                   |                        | <u>19,103</u>        | <u>713</u>           | <u>12,653</u>          | <u>370</u>             |
| Unlisted          |                        |                      |                      |                        |                        |
|                   | o Directors' valuation |                      |                      |                        |                        |
| Ordinary shares   | Great Britain          | 4,309                | 6,540                | 929                    | 5,103                  |
|                   | Elsewhere              | 16,677               | 5,179                | 6,303                  | 1,419                  |
| Preference shares | Great Britain          | 918                  | 1,061                | 562                    | 819                    |
|                   | Elsewhere              | 1,125                | 389                  | 1,141                  | 389                    |
| Loans             | Great Britain          | 97                   | 343                  | 97                     | 343                    |
|                   | Elsewhere              | 89                   | 51                   | 160                    | 51                     |
| Property          | Great Britain          | 1,837                | 2,457                | 1,137                  | 2,457                  |
|                   | Elsewhere              | 77                   | 77                   | 77                     | 77                     |
|                   |                        | <u>25,129</u>        | <u>16,097</u>        | <u>11,106</u>          | <u>13,588</u>          |
| Totals            |                        | <u>44,232</u>        | <u>16,810</u>        | <u>23,759</u>          | <u>14,028</u>          |

- o In the case of investments which were formerly associated companies, net book value represents the proportionate carrying value under the equity accounting method at the date of reclassification less any subsequent provision.
- o The directors' valuation of unlisted investments includes £8,669,000 (1981 = £ Nil) in respect of a publicly traded investment for which the market price at 31st December 1982 was used.

# NOTES TO THE ACCOUNTS

continued

£'000

## 19 Fixed assets

|   | Freehold<br>property | Leasehold property<br>50 years<br>or more | Less than<br>50 years | Plant<br>equipment<br>& vehicles | Total   |
|---|----------------------|---|-----------------------|----------------------------------|---------|
| <b>Cost or valuation</b>                    |                      |   |                       |                                  |         |
| 31st December 1981                          | 8,048                | 1,498                                     | 2,179                 | 27,177                           | 38,902  |
| Additions including acquisitions            | 3,330                | 1,754                                     | 267                   | 32,862                           | 38,213  |
| Disposals including sales of subsidiaries   | (1,363)              | (61)                                      | (305)                 | (6,928)                          | (8,657) |
| Exchange and other adjustments              | (23)                 | 35  | 32                    | (238)                            | (194)   |
| 31st December 1982                          | 9,992                | 3,226                                     | 2,173                 | 52,873                           | 68,264  |
| <b>Consisting of: Assets at valuation</b>   | 5,090                | 1,170                                     | —                     | —                                | 6,260   |
| Assets at cost                              | 4,902                | 2,056                                     | 2,173                 | 52,873                           | 62,004  |
|   | 9,992                | 3,226                                     | 2,173                 | 52,873                           | 68,264  |
| <b>Depreciation</b>                         |                      |   |                       |                                  |         |
| 31st December 1981                          | 615                  | 180                                       | 956                   | 14,627                           | 16,378  |
| Acquisitions                                | 40                   | 23  | 21                    | 6,727                            | 6,811   |
| Charged to profit and loss account          | 173                  | 82  | 157                   | 4,530                            | 4,942   |
| Disposals including sales of subsidiaries   | (93)                 | (6)                                       | (103)                 | (4,308)                          | (4,510) |
| Exchange and other adjustments              | (1)                  | (1)                                       | 2                     | (180)                            | (180)   |
| 31st December 1982                          | 734                  | 278                                       | 1,033                 | 21,396                           | 23,441  |
| <b>Depreciation on: Assets at valuation</b> | 436                  | 205                                       | —                     | —                                | 641     |
| Assets at cost                              | 298                  | 73  | 1,033                 | 21,396                           | 22,800  |
|   | 734                  | 278                                       | 1,033                 | 21,396                           | 23,441  |
| <b>Net book value at 31st December 1982</b> |                      |   |                       |                                  |         |
| Consisting of: Assets at valuation          | 4,654                | 965                                       | —                     | —                                | 5,619   |
| Assets at cost                              | 4,604                | 1,983                                     | 1,140                 | 31,477                           | 39,204  |
|   | 9,258                | 2,948                                     | 1,140                 | 31,477                           | 44,823  |
| <b>Net book value at 31st December 1981</b> | 7,433                | 1,313                                     | 1,223                 | 12,550                           | 22,524  |

The freehold and long leasehold property valuations referred to above were carried out in 1977.

## 20 Net current assets

|  | 1982    | 1981   |
|--|---------|--------|
| <b>Current assets</b>                  |         |        |
| Stocks and work-in-progress            | 49,745  | 33,907 |
| Trade and other debtors                | 61,529  | 40,785 |
| Government stocks                      | —       | 841    |
| o Cash and bank balances               | 13,060  | 13,886 |
|  | 124,334 | 95,419 |
| <b>Less</b>                            |         |        |
| <b>Current liabilities</b>             |         |        |
| Trade and other creditors              | 73,989  | 54,942 |
| Taxation                               | 4,898   | 3,900  |
| o Bank overdrafts and short term loans | 24,943  | 13,095 |
| Ordinary and preference dividends      | 5,428   | 4,609  |
|  | 109,258 | 76,546 |
| <b>Net current assets</b>              | 15,076  | 18,873 |

- o Including balances of £4,365,000 with the bank, Charterhouse Japhet plc
- o Including borrowings of £2,162,000 from the bank, Charterhouse Japhet plc

## 21 Net premium on acquisitions

|   |         |
|---|---------|
| <b>At 31st December 1981</b>                | 5,567   |
| Acquisitions                                | 7,624   |
| Disposals                                   | (1,623) |
| Amount written off as an extraordinary item | (162)   |
| <b>At 31st December 1982</b>                | 11,406  |

£'000

**22 Associated companies****Carrying value**

|  | 1982          | 1981          |
|--|---------------|---------------|
| <b>Listed</b>  |               |               |
| Share of net tangible assets                             | 3,677         | 20,340        |
| Premium on acquisition and share of associates' goodwill | 2,211         | 85            |
|  | <u>6,088</u>  | <u>20,425</u> |
| <b>Unlisted</b>  |               |               |
| Share of net tangible assets                             | 18,916        | 14,660        |
| Premium on acquisition and share of associates' goodwill | 518           | 224           |
|  | <u>19,434</u> | <u>14,890</u> |
| <b>Totals</b>  | <u>25,522</u> | <u>35,315</u> |

**Current value**

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Listed at market value           | 7,641         | 38,792        |
| Unlisted at directors' valuation | 28,257        | 22,664        |
|                                  | <u>35,898</u> | <u>61,456</u> |

The directors' valuation of unlisted investments includes £11,805,000 (1981 – £11,330,000) in respect of publicly traded investments for which market prices at 31st December 1982 have been used.

**Carrying value by company**

|  |               |               |
|--|---------------|---------------|
| Spring Grove PLC                         | 6,088         | 4,473         |
| Charterhouse Petroleum plc               | —             | 15,952        |
| Charterhouse Development Capital Limited | 6,005         | 4,648         |
| All other associated companies           | 13,429        | 10,242        |
|  | <u>25,522</u> | <u>35,315</u> |

**Notes**

The figures shown above are based on the latest available accounts of the companies concerned made up to the date of the group accounts or to dates not more than three months earlier.

In addition to the above investments in associated companies the bank, Charterhouse Japhet plc, has made advances to these companies of £9,400,000 (1981 – £8,777,000).

Further details of the group's principal associated companies are shown on page 33.

**23 Capital commitments**

|   | 1982         | 1981         |
|---|--------------|--------------|
| <i>Capital commitments not provided for in the accounts</i> |              |              |
| Fixed assets: Contracts placed                              | 1,582        | 959          |
| Authorised only   | 563          | 716          |
| Investments: Committed                                      | 2,165        | 4,733        |
| Authorised only   | —            | 1,389        |
|   | <u>4,310</u> | <u>7,797</u> |

**24 Contingent liabilities**

The group (excluding the bank) had contingent liabilities in respect of bills discounted, guarantees, claims and indemnities amounting to £4,419,000 (1981 – £3,511,000). In addition the company had given an indemnity relating to borrowings of £3,549,000 (1981 – £10,864,000) assumed by subsidiaries of a former associated company, Charterhouse Petroleum plc.

The company also had contingent liabilities in respect of guarantees and indemnities not relating to subsidiaries' borrowings amounting to £702,000 (1981 – £657,000) and in respect of guarantees and indemnities of subsidiaries' borrowings of £1,382,000 (1981 – £968,000).

The bank had commitments in the ordinary course of business in respect of confirmed credits, bonds, guarantees covered by customers' engagements, underwriting and forward contracts for purchases and sales of foreign currencies and bullion. There was also a contingent liability amounting to £366,000 (1981 – £410,000) in respect of an indemnity given to the purchaser of a trade investment.

# PRINCIPAL SUBSIDIARY COMPANIES

31st December 1982

Principal activity

## Management companies

|   |   |
|---|---|
| Charterhouse Corporate Investments Limited            | Making and holding investments                      |
| Charterhouse Development Limited                      | Providing development capital in the United Kingdom |
| Charterhouse Development Canada Limited <i>Canada</i> | Providing development capital in Canada             |
| Charterhouse Development Investments Limited          | Making and holding investments                      |
| Charterhouse Group International Inc <i>USA</i>       | Providing development capital in the United States  |
| Charterhouse Japhet plc                               | Merchant banking                                    |
| Charterhouse SA <i>France</i>                         | Providing development capital in France             |
| Charterhouse Securities Limited                       | Holding other development capital investments       |

## Subsidiary companies

### United Kingdom

|  |  |
|--|--|
| P J Burke (Holdings) Limited 71.4% 8%                | Civil engineering  |
| The Cartner Group Limited 90%                        | Providing design and drawing office services             |
| Chambers and Newman Limited 75.1%                    | Insurance broking  |
| Charcon Limited                                      | Manufacturing concrete kerb and paving                   |
| Charcon Tunnels Limited                              | Manufacturing concrete tunnel linings                    |
| o Charterhouse & Associates (Aberdeen) Limited 75.2% | Property development and dealing                         |
| Coloroll Holdings Limited 53.3% 5%                   | Manufacturing wallcoverings                              |
| o Dyce Property Company Limited                      | Property development                                     |
| FSP (Filtration & Separation Products) Limited 75%   | Manufacturing filtration systems and packaging machinery |
| Hireplus Limited                                     | Hiring power and hand tools                              |
| Kartret Switchgear Limited                           | Manufacturing control and instrumentation panels         |
| Kay & Co (Engineers) Limited                         | Manufacturing low pressure pipe couplings                |
| M6 Cash & Carry Limited 75%                          | Providing a wholesale cash and carry service             |
| Newage Engineers Limited                             | Manufacturing AC generators                              |
| Newage Transmissions Limited                         | Manufacturing gearboxes and axles                        |
| PTS Tool Specialists Limited                         | Distributing power and hand tools                        |
| Southern & Redfern Limited                           | Electrical and refrigeration engineering                 |

### France

|                              |  |
|------------------------------|--|
| Ermeto SA                    | Manufacturing industrial and hydraulic components    |
| Expand SA                    | Group of service companies in France                 |
| Bansard International SA 60% | International freight forwarding                     |
| Danpex SA                    | Service company for Expand group                     |
| Delta Communication SARL     | Specialist advertising agency for chemists' products |
| MED Media Medical GIE 60%    | Specialist advertising space buying agency           |
| Richard Nelkene Publicité SA | Pharmaceutical point of sale advertising             |
| SEDE Financière SA 60%       | Property maintenance services                        |
| Séléphar SA 65%              | Recruiting pharmaceutical company personnel          |

### Other countries

|                                     |  |
|-------------------------------------|--|
| Alentec AB <i>Sweden</i>            | Marketing hydraulic and lubrication components |
| Charcon Ringvaart BV <i>Holland</i> | Manufacturing concrete piling                  |

All companies are wholly owned except where indicated. The percentage of equity share capital owned by the group is printed in black. The percentage owned by Charterhouse Development Capital Limited (an associated company in which the group holds 47.6%) is shown in brown.

All companies are incorporated in Great Britain except where indicated. Each company operates principally in its country of incorporation.

o Registered in Scotland.

# ASSOCIATED COMPANIES & OTHER INVESTMENTS

31st December 1982

Principal activity

## Associated companies

### United Kingdom

|  |  |
|--|--|
| Charterhouse Development Capital Limited 47.6% | Providing development capital in the United Kingdom      |
| □ Spring Grove PLC 36%                         | Providing a workwear rental and linen hire service       |
| □ United Electronic Holdings plc 25.9%         | Distributing electronic components and hi-fi accessories |

### United States

|  |  |
|--|--|
| AC Manufacturing Company 49.9%         | Manufacturing heating and air conditioning equipment |
| Carleton Woolen Mills Inc 49%          | Manufacturing woollen fabric                         |
| Golding Industries Inc 49.9%           | Manufacturing mattress ticking                       |
| Joseph Kirschner Company Inc 32.2%     | Manufacturing meat products                          |
| Leisure Enterprises Inc 49.9%          | Distributing lawn and garden products                |
| ■ Paco Pharmaceutical Services Inc 24% | Contract packaging for pharmaceuticals               |
| Perfect Fit Industries Inc 49.5%       | Manufacturing household textile furnishings          |

### Finland

|                  |  |
|------------------|--|
| OY Tecalemit 46% | Marketing hydraulic and lubrication components |
|------------------|--|

## Other investments

### United Kingdom

|   |  |
|---|--|
| ■ Acsis Jewellery plc 24%                       | Manufacturing and retailing jewellery                      |
| □ The Beauford Group PLC 17.2%                  | Manufacturing heavy plant and lathes                       |
| J Bradbury & Co (Saddleworth) Limited 35%       | Manufacturing woollen fabric                               |
| ■ Brickhouse Dudley Limited 3.1%                | Manufacturing manhole and inspection covers                |
| ○ Fredk H Burgess Limited                       | Distributing agricultural equipment                        |
| CAP Group Limited 3.7% 11%                      | Providing computer software services                       |
| Castle (GB) plc 23.7%                           | Distributing kitchen and bathroom furniture                |
| ■ Charterhouse Petroleum plc 19.5%              | Oil exploration and production                             |
| Crossroads Commercials Limited 30%              | Distributing Volvo commercial vehicles                     |
| ○ Dagenham Motors (1981) Limited 27.3%          | Ford main dealer   |
| Film Cooling Towers Limited 40%                 | Designing and constructing water cooling towers            |
| ○ Filtration & Transfer Limited 20%             | Manufacturing heat exchangers and filtration equipment     |
| Gulliver Foods Limited 17.7%                    | Food processing and distribution holding company           |
| ○ The Hatton Group Limited 30%                  | Managing retail optical practices                          |
| ○ The Haymarket Publishing Group (1979) Limited | Publishing magazines and controlled circulation newspapers |
| Lees-Newsome Limited 25%                        | Manufacturing household products and surgical dressings    |
| London Broadcasting Company Limited 15.6%       | Commercial broadcasting                                    |
| Morceau (Fire Protection) Limited 33.3%         | Fire protection contractors                                |
| James Morrell Associates Limited 20%            | Economic forecasting                                       |
| Motorway Remoulds Limited 43.3%                 | Manufacturing and retailing remould tyres                  |
| Nelson Hurst & Marsh (Holdings) Limited 29.9%   | Lloyd's insurance brokers                                  |
| Panelite Concrete Limited 40%                   | Manufacturing pre-cast concrete garages                    |
| ○ PB Power Tools (Hire & Sales) Limited 30%     | Hiring tools and construction equipment                    |
| J & F Pool (Holdings) Limited 35.5%             | Metal perforating and general engineering                  |
| ○ PWS Dental Laboratory Limited 20%             | Manufacturing dental products                              |
| ○ William F Rees Limited 29.3%                  | Sewer and tunnelling specialists                           |
| The RH Group Limited 28.5%                      | Packaging, shipping and freight forwarding                 |

Continued on page 34

# OTHER INVESTMENTS

continued

31st December 1982

Principal activity

## United Kingdom continued

|  |   |
|--|---|
| Security Arrangements Group Limited 25%              | Security guards and mobile patrols            |
| ◊ South London Press (Holdings 1980) Limited         | Newspaper publishing and printing             |
| ◊ Technical Panel Holdings Limited 42%               | Manufacturing panels for transport containers |
| Textilo Wallcoverings International Limited 4% 11.9% | Distributing textured wallcoverings           |
| Vinpol Limited 20%                                   | Polyvinyl chloride compounding                |
| ◊ Wogen Resources Limited                            | Dealing in non-precious metals                |
| ◻ Woodrow Wyatt Holdings PLC 11%                     | Commercial printing                           |
| ◻ ◊ Woolworth Holdings plc 5.4% 0.4%                 | High Street retailing                         |
| ◊ Wright Dental Group Limited 39.2%                  | Manufacturing dental products                 |
| J & S Wylde Limited 27%                              | Manufacturing ophthalmic lenses               |

## France

|  |  |
|--|--|
| Etablissements Boulanger Frères SA 10%               | Retailing household appliances                           |
| Cartonnages de Luxe Marcel Saillard SA 12%           | Manufacturing packaging for the perfume industry         |
| Cie Française de Traitements de Surface SA 10%       | Metal plating  |
| Cie Française d'Expertises et de Négociations SA 12% | Financial services                                       |
| Citergaz SA 7.8%                                     | Manufacturing butane and propane cylinders and tanks     |
| Eurosoft SA 12.5%                                    | Providing computer software services                     |
| Financière de Développement et de Conseil SA 12%     | Investing in small companies in France                   |
| Frigosud SA 20%                                      | Distributing frozen foods                                |
| Groupelec Distribution SA 19.1%                      | Electrical wholesalers                                   |
| Mécanique, Industrie, Services SA 25%                | Transport company  |
| Etablissements Ollier SA 30%                         | Shopfitting  |
| La Pierre Liquide SA 30%                             | Manufacturing facing compounds for the building industry |
| Rockall France SA 25%                                | Manufacturing animal identification tags                 |
| Savam Holding SA 5%                                  | Transport company  |
| Transports et Distribution Pierre Rouch SA 25%       | Distribution company                                     |
| Transports Rouch SA 25%                              | Transport company  |

## Canada

|   |   |
|---|---|
| ◊ Croydon Furniture Systems Inc 24%             | Manufacturing office furniture                      |
| ◊ Kinburn Capital Corporation Limited 2.5%      | Computer software and paper packaging               |
| ◊ Kingston Spinners Limited 15%                 | Converting fibre into carpet yarn                   |
| Leitch Video Limited 10.5%                      | Manufacturing TV broadcast and production equipment |
| ◊ National Construction Corporation Limited 30% | Chemical engineering and piping contractors         |
| ◊ A P Parts of Canada Limited 35%               | Manufacturing automobile exhaust systems            |
| ◻ Peregrine Petroleum Limited 10.9%             | Oil and gas exploration and production              |
| IP Sharp Associates Limited 6.7%                | Computer timesharing and contract programming       |
| ◊ Southwest Tractor Limited 20%                 | Distributing John Deere construction equipment      |

## United States

|                                      |   |
|--------------------------------------|---|
| ◻ Dreyer's Grand Ice Cream Inc 10.4% | Manufacturing and distributing ice cream products |
|--------------------------------------|---|

The percentage of equity share capital owned by the group is printed in black.  
The percentage owned by Charterhouse Development Capital Limited (an associated company in which the group holds 47.6%) is shown in brown.

- ◊ The group has holdings in various classes of loan and preference capital in these companies.
- ◊ Charterhouse Development Capital Limited has holdings in various classes of loan and preference capital in these companies.

All companies are incorporated in Great Britain except where indicated. Each company operates principally in its country of incorporation.

- ◻ Listed companies.
- ◻ Companies with publicly traded shares.
- ◊ Registered in Scotland.

# BANKING SUBSIDIARIES

31st December 1982

## Charterhouse Japhet plc

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Charterhouse Japhet Credit Limited  
Charterhouse Japhet Export Finance Limited  
Charterhouse Japhet Investment Management Limited  
Charterhouse Japhet Bank and Trust International Limited *Bahamas*  
Charterhouse Japhet (Jersey) Limited *Jersey*  
Charterhouse Japhet (Suisse) SA *Switzerland*

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For the purposes of Article 102 of the company's Articles of Association the companies listed below in addition to those above are designated 'banking subsidiaries'.

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Albertrecn Limited  
Boravale Properties Limited  
Charterhouse Japhet Currency Management Limited  
Charterhouse Japhet Distributor Finance Limited  
Charterhouse Japhet Export Credit Limited  
Charterhouse Japhet Finance Limited  
Charterhouse Japhet Financial Services Limited  
Charterhouse Japhet International Finance BV *Holland*  
Charterhouse Japhet International Holdings Limited *Jersey*  
Charterhouse Japhet Investment Management (USA) Limited  
Charterhouse Japhet Leasing Limited  
Charterhouse Japhet (Midlands) Limited  
Charterhouse Japhet (Northern) Limited  
Charterhouse Japhet (Scotland) Limited  
County Credit Finance Limited

Dalbar Investments Limited  
Dennington Homes (Southern) Limited  
Ingramwood Insurance Brokers Limited  
International Maritime Finance Limited  
Keyser Ullmann Pensions Management Limited  
Keyser Ullmann Pensions Trustees Limited  
Mikos AG  
Paternoster Nominees Limited  
Poole Holland Limited  
Second Throgmorton Secured Growth Trust Limited  
SJ Nominees Limited  
St James' County Credit (Leasing) Limited  
Volunteer Credit Limited  
Volunteer Finance Limited  
Volunteer Marine Finance Limited  
West Sussex Finance Limited

## FIVE YEAR SUMMARY 1978-1982

£'000

|  | 1978          | 1979           | 1980           | 1981           | 1982           |
|--|---------------|----------------|----------------|----------------|----------------|
| <b>CONSOLIDATED BALANCE SHEET</b>                            |               |                |                |                |                |
| <b>Capital employed</b>                                      |               |                |                |                |                |
| Ordinary share capital.....                                  | 23,063        | 24,542         | 37,669         | 38,002         | 41,458         |
| Share premium.....   | 9,550         | 11,178         | 33,822         | 34,458         | 40,784         |
| Reserves.....  | 25,436        | 31,516         | 42,376         | 38,929         | 51,556         |
|  | <u>58,049</u> | <u>67,236</u>  | <u>113,867</u> | <u>111,389</u> | <u>133,798</u> |
| Preference share capital.....                                | 2,862         | 2,862          | 3,200          | 3,208          | 3,208          |
| Minority shareholders.....                                   | 2,278         | 184            | 463            | 2,273          | 8,656          |
| Long and medium term loans.....                              | 32,547        | 34,911         | 25,594         | 42,316         | 41,464         |
| Deferred taxation.....                                       | (1,199)       | (286)          | 115            | (743)          | (154)          |
|  | <u>94,537</u> | <u>104,907</u> | <u>143,239</u> | <u>158,443</u> | <u>186,972</u> |
| <b>Employment of capital</b>                                 |               |                |                |                |                |
| Parent company and subsidiaries excluding the bank.....      | 76,654        | 76,793         | 54,344         | 60,992         | 95,064         |
| Associated companies.....                                    | 5,993         | 12,136         | 29,509         | 35,315         | 25,522         |
| The bank.....  | 11,890        | 15,978         | 59,386         | 62,136         | 66,386         |
|  | <u>94,537</u> | <u>104,907</u> | <u>143,239</u> | <u>158,443</u> | <u>186,972</u> |
| <b>CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>                  |               |                |                |                |                |
| <b>Profit before interest payable</b>                        |               |                |                |                |                |
| Parent company and subsidiaries excluding the bank.....      | 14,068        | 16,387         | 12,984         | 14,776         | 16,034         |
| Associated companies.....                                    | 1,479         | 2,195          | 6,637          | 10,449         | 8,749          |
| The bank (after transfer to inner reserve).....              | 954           | 1,800          | 4,216          | 5,975          | 7,470          |
|  | <u>16,501</u> | <u>20,382</u>  | <u>23,837</u>  | <u>31,200</u>  | <u>32,253</u>  |
| Interest payable on short term borrowings.....               | 2,867         | 3,605          | 4,340          | 4,518          | 4,956          |
|  | <u>13,634</u> | <u>16,777</u>  | <u>19,497</u>  | <u>26,682</u>  | <u>27,297</u>  |
| Interest payable on long and medium term borrowings...       | 3,228         | 4,631          | 3,376          | 4,096          | 4,435          |
|  | <u>10,406</u> | <u>12,146</u>  | <u>16,121</u>  | <u>22,586</u>  | <u>22,862</u>  |
| <b>Profit before taxation.....</b>                           | <u>10,406</u> | <u>12,146</u>  | <u>16,121</u>  | <u>22,586</u>  | <u>22,862</u>  |
| <b>Profit after taxation before extraordinary items.....</b> | <u>6,456</u>  | <u>8,824</u>   | <u>11,725</u>  | <u>10,960</u>  | <u>15,095</u>  |
| <b>Earnings per ordinary share.....</b>                      | pence 6.86    | pence 9.25     | pence 9.64     | pence 7.12     | pence 9.19     |
| <b>Dividends per ordinary share.....</b>                     | 3.69          | 4.10           | 4.51           | 4.93           | 5.18           |

## Footnote

The above figures have been taken from the published accounts of the group adjusted for purposes of comparability. The audited accounts for 1978 were for 15 months ended 31st December 1978; the figures shown above are for 12 months ended 31st December 1978 and are unaudited. The abridged accounts for 1979, 1980 and 1981 have been extracted from the full group accounts for those years which were delivered to the registrar of companies and on which the auditors made unqualified reports.



The Charterhouse Group plc and its subsidiaries

## CURRENT COST ACCOUNTS

### Basis of preparation

The current cost accounts on pages 37 to 40 have been prepared in accordance with the Statement of Standard Accounting Practice for Current Cost Accounting (SSAP 16) except that the results and net assets of the bank, Charterhouse Japhet plc and its subsidiaries, have been incorporated on an historical cost basis.

The Accepting Houses Committee, of which Charterhouse Japhet is a member, does not support SSAP 16 on the grounds that it is inappropriate to adjust historical cost profits which have themselves been arrived at after making undisclosed transfers to inner reserve. Accordingly it has been included, as stated above, on an unadjusted historical cost basis.

### Accounting policies

The group's accounting policies are followed except where they are inconsistent with current cost principles as described below.

#### *Overseas subsidiaries*

The current cost accounts of overseas subsidiaries are adjusted using local consumer price indices. Profits and losses resulting from the currency translation of net assets of overseas subsidiaries are dealt with in the current cost reserve.

#### *Extraordinary items*

Extraordinary profits and losses on the sales of subsidiaries and associated companies are calculated using their current cost net asset value at the dates of disposal.

#### *Associated companies*

The results of associated companies are adjusted to a current cost basis using either their own published current cost accounts or information supplied by them.

#### *Unlisted investments*

Unlisted investments are included in the current cost balance sheet at the lower of cost, adjusted by reference to local consumer price indices, or directors' valuation.

## AUDITORS' REPORT

To the members of The Charterhouse Group plc

We have examined the current cost accounts set out on pages 37 to 40. In our opinion the accounts have been properly prepared in accordance with the policies and methods described therein, to give the information required by Statement of Standard Accounting Practice No. 16 in respect of The Charterhouse Group plc and its subsidiaries excluding the bank.

Price Waterhouse  
Ernst & Whinney

Chartered Accountants

*For Waterhouse*  
*Ernst & Whinney*

London 7th April 1983

# CONSOLIDATED CURRENT COST PROFIT & LOSS ACCOUNT

£'000

|                                     | For the year ended 31st December   | Notes | 1982          | 1981           |
|-------------------------------------|--|-------|---------------|----------------|
| <hr/>                               |  |       |               |                |
| <b>The group excluding the bank</b> | <b>Profit before interest payable<br/>as shown by the historical cost accounts</b>               |       |               |                |
|                                     | Parent and subsidiary companies .....  |       | 16,034        | 14,776         |
|                                     | Associated companies.....  |       | 8,749         | 10,449         |
|                                     |  |       | <u>24,783</u> | <u>25,225</u>  |
|                                     | Current cost operating adjustments   |       |               |                |
|                                     | Parent and subsidiary companies .....  | 1     | 4,571         | 5,944          |
|                                     | Associated companies.....  |       | 1,309         | 1,388          |
|                                     |  |       | <u>18,903</u> | <u>17,893</u>  |
|                                     | Current cost operating profit .....  |       | 18,903        | 17,893         |
|                                     | Interest payable.....  |       | 9,391         | 8,614          |
|                                     |  |       | <u>9,512</u>  | <u>9,279</u>   |
|                                     | Gearing adjustment .....   | 2     | 2,297         | 2,314          |
|                                     |  |       | <u>11,809</u> | <u>11,593</u>  |
|                                     | Current cost profit before taxation .....  |       | 11,809        | 11,593         |
|                                     | Taxation .....   |       | 6,375         | 11,082         |
|                                     |  |       | <u>5,434</u>  | <u>511</u>     |
|                                     | Minority shareholders .....  |       | 866           | 283            |
|                                     |  |       | <u>4,568</u>  | <u>228</u>     |
|                                     | <b>Current cost profit after taxation<br/>of the group excluding the bank .....</b>              |       | <b>4,568</b>  | <b>228</b>     |
| <b>The bank</b>                     | <b>Historical cost profit of the bank<br/>after taxation and transfer to inner reserve .....</b> |       | <b>7,250</b>  | <b>5,750</b>   |
|                                     |  |       | <u>11,818</u> | <u>5,978</u>   |
|                                     | Extraordinary profit/(loss) .....  | 3     | 1,610         | (5,049)        |
|                                     |  |       | <u>13,428</u> | <u>929</u>     |
|                                     | Dividends paid and proposed .....  |       | 8,744         | 7,688          |
|                                     |  |       | <u>4,684</u>  | <u>(6,759)</u> |
|                                     | <b>Retained profit/(loss) for the year .....</b>   |       | <b>4,684</b>  | <b>(6,759)</b> |
|                                     |  |       |               | Pence          |
| <hr/>                               |  |       |               |                |
| <b>Earnings and dividends</b>       | <b>Earnings per ordinary share</b>   |       |               |                |
|                                     | The group excluding the bank on a current cost basis .....                                       |       | 2.71          | 0.15           |
|                                     | The bank on an historical cost basis .....   |       | 4.46          | 3.69           |
|                                     |  |       | <u>7.17</u>   | <u>3.84</u>    |
|                                     | <b>Dividends per ordinary share .....</b>  |       | <b>5.175</b>  | <b>4.925</b>   |
|                                     |  |       |               | £'000          |
| <hr/>                               |  |       |               |                |
| <b>Movement on other reserves</b>   | <b>At 31st December 1981 .....</b>   |       | <b>20,970</b> | <b>27,729</b>  |
|                                     | Retained profit/(loss) for the year .....  |       | 4,684         | (6,759)        |
|                                     |  |       | <u>25,654</u> | <u>20,970</u>  |
|                                     | <b>At 31st December 1982 .....</b>   |       | <b>25,654</b> | <b>20,970</b>  |

The Charterhouse Group plc and its subsidiaries

# CONSOLIDATED CURRENT COST BALANCE SHEET

£'000

|   | 31st December | Notes | 1982           | 1981           |
|---|---------------|-------|----------------|----------------|
| <b>Capital employed</b>                                   |               |       |                |                |
| <b>Ordinary shareholders</b>                              |               |       |                |                |
| Ordinary share capital.....                               |               |       | 41,458         | 38,002         |
| Share premium.....  |               |       | 40,784         | 34,458         |
| Current cost reserve.....                                 | 5             |       | 36,620         | 31,973         |
| Other reserves.....                                       |               |       | 25,654         | 20,970         |
|   |               |       | <u>144,516</u> | <u>125,403</u> |
| <b>Preference shareholders</b>                            |               |       |                |                |
| Preference share capital.....                             |               |       | 3,209          | 3,208          |
|   |               |       | <u>147,724</u> | <u>128,611</u> |
| <b>Minority shareholders.....</b>                         |               |       | 9,508          | 2,440          |
| <b>Long and medium term loans.....</b>                    |               |       | 41,464         | 42,316         |
| <b>Deferred taxation.....</b>                             |               |       | (154)          | (743)          |
|   |               |       | <u>198,632</u> | <u>172,624</u> |
| <b>Employment of capital</b>                              |               |       |                |                |
| <b>Parent company and subsidiaries excluding the bank</b> |               |       |                |                |
| Fixed assets.....   | 4             |       | 50,355         | 28,959         |
| Investments.....  |               |       | 27,664         | 16,297         |
| Net current assets.....                                   |               |       | 15,342         | 19,071         |
| Net premium on acquisitions.....                          |               |       | 1,406          | 5,567          |
|   |               |       | <u>104,767</u> | <u>69,894</u>  |
| <b>Associated companies.....</b>                          |               |       | 27,479         | 40,594         |
| <b>The bank (on an historical basis)</b>                  |               |       |                |                |
| Net assets of Charterhouse Japhet plc.....                |               |       | 65,767         | 61,577         |
| Net premium on acquisition.....                           |               |       | 619            | 619            |
|   |               |       | <u>66,386</u>  | <u>62,136</u>  |
|   |               |       | <u>198,632</u> | <u>172,624</u> |

# NOTES TO THE CURRENT COST ACCOUNTS

£'000

## 1 Current cost operating adjustments

### Cost of sales

The cost of sales adjustment represents the difference between the actual cost of goods sold and the estimated cost of replacing those goods at the time of sale. These replacement costs have been calculated by using averaging methods and nationally published industry indices in the UK and local consumer price indices overseas.

1982 1981

2,594 4,160

### Monetary working capital

The monetary working capital adjustment represents the effect of price changes on the monetary working capital needed to support the operating capability of the group. It comprises an adjustment for trade debtors less trade creditors computed by using averaging methods and appropriate published stock indices in the UK and local consumer price indices overseas.

3 86

### Depreciation

The depreciation adjustment represents the additional charge against profit as a result of depreciating fixed assets on the basis of current costs rather than historical costs.

1,974 1,698

4,571 5,944

## 2 Gearing adjustment

The gearing adjustment removes that proportion of the current cost operating adjustments which have been financed externally. The calculation has been based on the borrowings of and the shareholders' interest in the group excluding the bank.

## 3 Extraordinary profit/(loss)

The current cost adjustments made to the extraordinary profit/(loss) have been reduced by an appropriate gearing adjustment.

## 4 Fixed assets

|  | Freehold<br>& leasehold<br>properties | Plant<br>equipment<br>& vehicles | Total  |
|--|---------------------------------------|----------------------------------|--------|
| Gross replacement cost                     | 17,667                                | 71,461                           | 89,128 |
| Depreciation                               | 2,506                                 | 36,267                           | 38,773 |
| Net replacement cost at 31st December 1982 | 15,161                                | 35,194                           | 50,355 |
| Net replacement cost at 31st December 1981 | 12,834                                | 16,125                           | 28,959 |

Assets have been restated at their current replacement cost on the following bases:

|            |  |
|------------|--|
| Properties | At latest professional valuation subsequently indexed, or estimated depreciated replacement cost calculated by reference to appropriate indices. |
| Plant      | At depreciated replacement cost calculated by reference to official UK and overseas indices.   |

## 5 Current cost reserve

|  |         |        |
|--|---------|--------|
| At 31st December 1981                                      |         | 31,973 |
| Revaluation surpluses                                      |         |        |
| Freehold and leasehold properties                          | (474)   |        |
| Plant, equipment and vehicles                              | 732     |        |
| Stocks   | 2,235   |        |
| Investments and associated companies                       | (218)   | 2,275  |
| Other movements  |         |        |
| Monetary working capital adjustment                        | 3       |        |
| Gearing adjustments  | (3,417) |        |
| Currency adjustment  | 2,919   |        |
| Realised surpluses on sales of subsidiaries                | 966     |        |
| Realised surplus on partial disposal of associated company | 1,881   | 2,372  |
| At 31st December 1982                                      |         | 36,620 |

Of the current cost reserve at 31st December 1982 £22,265,000 (1981 - £17,241,000) is deemed to be realised.