REPORT AND ACCOUNTS 1989

109305

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Majedie
Investments PLC

ONE

REPORT AND ACCOUNTS 1989

Directors and Officers

Directors
Sir John K. Barlow, Bt. *Chairman*
Henry Sackville Barlow *
Arthur Christopher Parsons *
Mark Henry Denman Barlow
Christopher Arthur Keeley
William Greaves Underwood

Secretaries
Barlow Service Company Limited

Registered Office
Plantation House, 10/15 Mincing Lane, London EC3M 3LS

Auditors
Pannell Kerr Forster
New Garden House
78 Hatton Garden London EC1N 8JA

Registrars
The Royal Bank of Scotland plc
Registrar's Department, P.O. Box 435
Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR.
Telephone No. 031-442 4111

Registered Number 109305 England

* **Non-executive Directors:**
Mr. H. S. Barlow is a Chartered Accountant and has wide-ranging interests in the Far East
Mr. Parsons is a former senior partner of Travers Smith Braithwaite

Majedie Investments PLC

Notice of Meeting

Notice is hereby given that the seventy-eighth Annual General Meeting of the Company will be held on Tuesday 12th December 1989 in the Queen's Room at The Baltic Exchange, 14/20 St. Mary Axe, London EC3A 8BU at 12.15 p.m.

To receive the directors' report and statement of accounts

To declare a final dividend in respect of the year ended 30th September 1989

To re-elect directors

To authorise the directors to subscribe £3,500 to Conservative Party funds

To re-appoint the auditors and to authorise the directors to fix their remuneration

By Order of the Board
Barlow Service Company Limited
14th November 1989 *Secretaries*

Plantation House
10/15 Mincing Lane
London EC3M 3LS

Mr. W. G. Underwood and Mr. C. A. Keeley have contracts of service with a subsidiary company which require approximately two years' notice on that company's side for termination. A copy of each of these contracts will be made available for inspection at the Company's registered office during normal business hours from the date of the above Notice until 12 noon on Tuesday 12th December 1989 and thereafter at the place of the Meeting until its conclusion. Otherwise no director has any contract of service with the Company or any of its subsidiary companies requiring more than one year's notice of termination.

A member who is entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him. Such proxies need not be members of the Company, but are not entitled to vote except on a poll.

Members are requested to notify any change of address to The Royal Bank of Scotland plc, Registrar's Department, P.O. Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR.

Majedie Investments PLC

Report of the Directors

The directors present their report and the accounts of the Company for the year ended 30th September 1989.

Activities

The Company operates as an investment holding company engaged in the investment of funds mainly in listed securities. An analysis of these securities is given on page 16 and a list of major holdings on page 15. A review of the year and of future developments is contained in the Chairman's review on page 6.

Status

On 11th April 1989 the Inland Revenue confirmed the Company as an investment trust for taxation purposes under Section 842 of the Income and Corporation Taxes Act 1988 in respect of the year ended 30th September 1988. The Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval. The Company is not a close company.

The Company is a public limited company and an investment company under Section 266 of the Companies Act 1985.

Accounts	1989 £000	1988 £000
Net revenue after taxation	2,106	1,746
Interim dividend of 2.00p per share, paid on 7th July 1989	526	526
Proposed final dividend of 5.50p per share, payable on 9th January 1990	1,444	1,182
	1,970	1,708
Revenue retained	136	38

Dividend

Warrants for the final dividend will be posted on or about 8th January 1990 to members on the register at the close of business on 8th December 1989.

Political Contributions

The Company gave £3,500 to Conservative Party funds as approved at the 1988 Annual General Meeting.

A resolution will be proposed at the forthcoming Annual General Meeting to authorise the directors to donate a further £3,500 to Conservative Party funds.

Auditors

A resolution will be proposed at the Annual General Meeting to re-appoint Pannell Kerr Forster as auditors and to authorise the directors to fix their remuneration.

Majedie Investments PLC

Report of the Directors
continued

Directors
Mr. D. J. Ewart resigned with effect from 25th October 1989.

In accordance with the Articles of Association Mr. H. S. Barlow and Mr. C. A. Keeley are the directors due to retire by rotation and their colleagues recommend their re-election.

At the year-end the directors' holdings of 10p shares in the Company were:

	30th September 1989		30th September 1988	
	Beneficial	Trustee	Beneficial	Trustee
Sir John K. Barlow, Bt.	5,142,952	1,106,212	4,986,952	1,162,212
H. S. Barlow	5,737,189	2,249,503	4,424,404	2,905,895
A. C. Parsons	1,250	—	1,250	—
M. H. D. Barlow	4,741,950	671,669	4,841,950	727,669
D. J. Ewart (since resigned)	8,000	—	8,000	—
C. A. Keeley	—	—	—	—
W. G. Underwood	—	256	—	256

Some of the directors' holdings are duplicated, the total after elimination of duplicated holdings being 13,264,598 shares at 30th September 1989. There have been no changes in directors' shareholdings since 30th September 1989.

Following the approval of the introduction of the Company's Executive Share Option Scheme at the Extraordinary General Meeting held on 4th May 1989, Mr. W. G. Underwood and Mr. C. A. Keeley were granted options to subscribe for up to 115,000 shares and 17,500 shares respectively at a price of 242p per share during the period 20th June 1992 to 20th June 1999.

No director had an interest at any time during the year or since in any material contract or arrangement to which the Company or any subsidiary was a party.

Substantial Shareholding
Except as shown above, the Company has been notified only of the following substantial holding in its issued capital:

Sun Life Assurance Society plc 10.02%

26th October 1989

By Order of the Board
Barlow Service Company Limited
Secretaries

Plantation House
10/15 Mincing Lane
London EC3M 3LS

Report of the Auditors

To the Members of Majedie Investments PLC

We have audited the financial statements on pages 7 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the Company's state of affairs at 30th September 1989 and of its revenue and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

26th October 1989
London

Pannell Kerr Forster

Pannell Kerr Forster
Chartered Accountants

Majedie Investments PLC

Chairman's Review

The year under review saw further recovery in the world's stockmarkets, some of which reached levels never previously achieved. The Company had sufficient liquidity during the year to take advantage of these improved conditions. Against this background, the Company's net assets had grown to some £90 million at 30th September 1989 as compared with £74.4 million a year earlier. This increase translates into a rise of 21.2 per cent in the net asset value from 283p per share last year to 343p per share at the 30th September 1989.

Gross revenue for the year ended 30th September 1989 was £3,771,000 as against £3,150,000 for the previous year. This substantial increase is chiefly attributable to high interest rates and rapidly rising dividends in the U.K. After absorbing costs which include £72,000 of a non-recurring nature, net revenue after taxation has risen from £1,746,000 to £2,106,000, which is equivalent to an advance in earnings per share from 6.65p to 8.02p.

It is proposed that a final dividend of 5.50p per share be paid in respect of the year ended 30th September 1989. Taken with the interim dividend of 2.00p per share already paid, this will make total dividends of 7.50p per share, an increase of some 15.5 per cent over last year's rate of 6.50p per share.

In recommending this increased dividend which absorbs most of the net revenue after taxation your Board is conscious of the policy set out in my last year's review that dividends should be raised on a regular basis if possible and prudent; whilst maintaining the principal objective of sustained capital growth.

The Company is an Investment Trust for taxation purposes and the portfolio gives a spread of investments world-wide which provides the small investor with a diversity which he may find difficult to emulate satisfactorily in his own portfolio.

During the early part of this month there were unexpected world-wide fluctuations in markets, led by Wall Street and continued throughout the world. Resilience is becoming apparent again but in the United Kingdom this is not yet matched by convincingly high buying turnover. There are uncertain times ahead; the results of present Government policies have yet to emerge. The Company's present level of liquidity, increased since year end during market rises, provides room for manoeuvre in changing markets and gives the opportunity to seek potentially attractive holdings.

Your Board remains optimistic about the long-term prospects of the Company but tempered with the caution which one must feel about the markets at present. We shall continue to aim for growth in both capital and income for all shareholders.

Since the year end David Ewart has resigned his non-executive directorship and I take this opportunity of thanking him for his wise counsel and contribution to the affairs of the Company, particularly during the Group's re-organisation in 1985.

My thanks are due also to colleagues and staff for their support and efforts during the year.

John K. Barlow
Chairman

26th October 1989

Majedie Investments PLC

Majedie Investments PLC

Revenue Account
for the year ended
30th September
1989

	Notes	1989 £000	1988 £000
Investment Income	2		
Franked		1,943	1,658
Unfranked		1,828	1,492
		3,771	3,150
Administrative Costs	3	837	702
Net Revenue before Taxation		2,934	2,448
Taxation	6	828	702
Net Revenue after Taxation		2,106	1,746
Dividends	7	1,970	1,708
Revenue Retained	16	136	38
Earnings per Share	8	8.02p	6.65p
Dividends per Share	7	7.50p	6.50p

The notes on pages 10 to 14 form part of these Accounts.

Majedie Investments PLC

Balance Sheet
as at 30th September 1989

	Notes	1989 £000	1988 £000
Fixed Assets			
Investments	9	85,351	69,750
Current Assets			
Debtors	10	284	537
Cash at bank and on deposit	11	6,479	5,458
		6,763	5,995
Creditors			
Amounts falling due within one year	12	2,049	1,297
Net Current Assets		4,714	4,698
Total Assets *less* **Current Liabilities**		90,065	74.448
Provision for Liabilities and Charges			
Deferred taxation	13	56	33
		90,009	74,415
Capital and Reserves			
Called up share capital	14	2,627	2,627
Share premium account		1,652	1,652
Capital reserve	15	61,991	46,533
Revenue reserve	16	23,739	23,603
		90,009	74,415
Net Asset Value per Share	17	343p	283p

The notes on pages 10 to 14 form part of these Accounts.

Approved by the Board on 26th October 1989.

JOHN K. BARLOW
A. C. PARSONS
Directors

Majedie Investments PLC

Statement of Source and Application of Funds

for the year ended 30th September 1989

	1989 £000	1988 £000
Source of Funds		
Net revenue before taxation	2,934	2,448
Proceeds of disposal of investments	12,764	9,266
	15,698	11,714
Application of Funds		
Acquisitions of investments	12,765	7,448
Exchange losses	103	71
Ordinary dividends paid	1,708	1,708
Taxation paid	406	812
	14,982	10,039
Increase in Uninvested Funds	716	1,675

	1989 £000	1988 £000
Changes in Uninvested Funds		
Debtors due within one year	(8)	(295)
Creditors and accrued expenses	(297)	1,483
Cash and deposits	1,021	487
Increase in Uninvested Funds	716	1,675

The notes on pages 10 to 14 form part of these Accounts.

Majedie Investments PLC

Notes to the Accounts

1 Accounting Policies

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investments. Consolidated accounts are not presented in view of the immateriality of the subsidiary companies' activities in relation to those of the Company.

Dividends and interest

Income from investments is included as and when such income becomes due and payable except in the case of interest receivable from bonds which is included on the accruals basis. Deposit interest and rents receivable are also included on the accruals basis.

Administrative costs

Expenses are accounted for on the accruals basis, including pension contributions, which are made to the defined money purchase scheme of a subsidiary company.

Investments

Listed investments are stated in the balance sheet at market value; investment properties and unlisted investments are included at directors' valuation, with the exception of shares in subsidiary companies, which are included at net asset value. The market value of listed investments is based on middle market prices for investments listed in the United Kingdom and on closing prices for investments listed overseas. The directors' valuation of the agricultural and commercial properties is based on professional valuations obtained as at 30th September 1989. Profits and losses arising on the disposal of investments are credited or debited direct to Capital Reserve in accordance with the Company's Articles of Association.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, where accrued, at the year-end rate. Foreign currency deposits and balances are converted into sterling at the year-end rates of exchange. Profits and losses arising on exchange are credited or debited direct to Capital Reserve in accordance with the Company's Articles of Association. The valuation of investments listed overseas shown in note 9 has been translated into sterling at the year-end exchange rates.

Advance corporation tax

Advance corporation tax arising on dividends paid or payable is treated as recoverable to the extent that it is expected to be recovered against taxation on income of the year in which the dividend is paid or of prior years. Otherwise it is charged in the revenue account.

Deferred taxation

Deferred taxation is provided on the liability method on all short-term timing differences. Provision is not otherwise made unless there exists a probability that such taxation will become payable in the foreseeable future.

2 Investment Income	1989 £000	1988 £000
Income from listed investments	2,828	2,588
Income from unlisted investments:		
Subsidiary company	10	10
Other investments	52	46
Rents	168	167
Interest on deposits	713	339
	3,771	3,150

Majedie Investments PLC

Notes to the Accounts
continued

3 Administrative Costs	1989 £000	1988 £000
Directors' emoluments (note 4)	260	236
Ex gratia payment to former director	50	—
Staff costs (note 5)	215	181
Other operating expenses	303	277
Auditors' remuneration	9	8
	837	702

4 Directors' Emoluments	1989 £000	1988 £000
Fees	12	21
Other remuneration	213	180
Pension contributions	35	35
	260	236
Analysis of emoluments (excluding pension contributions)		
Chairman	51	49
Highest-paid director	75	47
Emoluments of the other directors:	Number of Directors	
£Nil to £5,000	1	2
£5,001 to £10,000	2	3
£40,001 to £45,000	1	2
£45,001 to £50,000	1	—

5 *Staff Costs*	1989 *£000*	1988 *£000*
Salaries	146	141
Social security costs	36	33
Pension contributions	11	7
Termination costs	22	—
	215	181
	Number of Employees	
Office staff	8	9

6 Taxation	1989 £000	1988 £000
Charge for the year based on net revenue before taxation:		
Corporation tax at 35 per cent. (1988 35 per cent.)	327	275
Less Relief for overseas tax	86	93
	241	182
Deferred tax (1988 credit)	16	(2)
Overseas tax	86	93
Tax credits imputed to U.K. dividends	485	429
	828	702

Majedie Investments PLC

Notes to the Accounts
continued

7 Dividends

	1989 £000	1988 £000
Interim dividend of 2.00p (1988 2.00p) per share	526	526
Proposed final of 5.50p (1988 4.50p) per share	1,444	1,182
	1,970	1,708

8 Earnings per Share

	1989 £000	1988 £000
Based on 26,266,379 (1988 26,266,379) shares in issue and net revenue after taxation of	2,106	1,746

Notional adjustment for the exercise of the share options referred to in note 14 would not have resulted in any material difference in earnings per share.

9 Investments

	1989 £000	1988 £000
Cost at 30th September 1988	48,125	47,569
Additions at cost:		
Loans to subsidiaries	—	41
Other investments	12,765	7,407
Disposals at cost:		
Loans from subsidiaries	(18)	(10)
Other investments	(11,511)	(6,882)
Cost at 30th September 1989	49,361	48,125
Unrealised appreciation:		
Listed investments	34,174	20,915
Unlisted investments	600	320
Shares in subsidiary companies	93	56
Freehold investment properties	1,123	334
Valuation at 30th September 1989	85,351	69,750

	1989 £000	1988 £000
Comprising:		
Listed investments at market value:		
United Kingdom	50,888	41,740
Overseas	28,968	23,789
	79,856	65,529
Unlisted investments:		
Shares in subsidiary companies at net asset value (note 18)	95	58
Loans to subsidiaries	301	319
Other unlisted investments at directors' valuation	1,889	1,423
Freehold investment properties at directors' valuation:		
Agricultural properties	1,310	1,221
Commercial property	1,900	1,200
	85,351	69,750

Uncalled capital on partly-paid investments amounted at 30th September 1989 to £58,000 (1988 £49,000).

Majedie Investments PLC

Notes to the Accounts
continued

10 Debtors

	1989 £000	1988 £000
Amounts falling due within one year:		
Taxation recoverable	—	281
Accrued income	175	130
Disposal of investments	9	—
Other debtors	1	61
Prepayments	—	2
	185	474
Amounts falling due after one year:		
Taxation recoverable	99	63
	284	537

11 Cash at Bank and on Deposit

	1989 £000	1988 £000
Deposits:		
U.K.	4,811	4,246
Overseas	1,555	1,100
Bank balances	113	112
	6,479	5,458

12 Creditors

	1989 £000	1988 £000
Amounts falling due within one year:		
Taxation payable	193	—
Acquisition of investments	270	—
Other creditors	107	89
Accrued expenses	35	26
Proposed final dividend	1,444	1,182
	2,049	1,297

13 Deferred Taxation

	1989 £000	1988 £000
At 30th September 1988	33	36
Provision (1988 credit) for year	24	(2)
Suffered, less recovered, during year	(1)	(1)
At 30th September 1989	56	33

14 Called up Share Capital

	1989 £000	1988 £000
Allotted and fully-paid at 30th September 1989:		
26,266,379 (1988 26,266,379) shares of 10p each	2,627	2,627
Authorised at 30th September 1989:		
37,637,226 (1988 37,637,226) shares of 10p each	3,764	3,764

At 30th September 1989 Mr. W. G. Underwood and Mr. C. A. Keeley held options to subscribe for up to 115,000 shares (1988 Nil) and 17,500 shares (1988 Nil) respectively at a price of 242p per share during the period 20th June 1992 to 20th June 1999.

Majedie Investments PLC

Notes to the Accounts
continued

15 Capital Reserve	1989 £000	1988 £000
At 30th September 1988	24,908	22,758
Profits realised on disposal of investments	1,235	2,374
Exchange losses	(103)	(71)
Corporation tax	(31)	(—)
Deferred tax	(8)	(—)
Taxation adjustments for earlier years	(—)	(153)
	26,001	24,908
Unrealised appreciation of investments	35,990	21,625
At 30th September 1989	61,991	46,533

No tax on capital gains has been provided in the Accounts since the Company expects to qualify in respect of the year ended 30th September 1989 as an investment trust for taxation purposes.

16 Revenue Reserve	1989 £000	1988 £000
At 30th September 1988	23,603	23,565
Revenue retained for the year	136	38
At 30th September 1989	23,739	23,603

17 Net Asset Value per Share	1989 £000	1988 £000
Based on 26,266,379 (1988 26,266,379) shares in issue and net assets of	90,009	74,415

Notional adjustment for the exercise of the share options referred to in note 14 would not have resulted in any material difference in the net asset value per share.

18 Subsidiary Companies
The Company's subsidiaries are Barlow Investments Limited, Barlow Service Company Limited and Majedie Securities Limited, each of which is wholly-owned and registered in, and operates from, the United Kingdom.

The subsidiary companies earned profits after taxation for the year ended 30th September 1989 of £46,000 (1988 losses of £18,000). After taking into account accumulated realised profits brought forward of £56,000 (1988 £84,000) and the payment of a dividend of £10,000 (1988 £10,000) to the Company, there remain profits of £92,000 (1988 £56,000) to be carried forward. The net assets of the subsidiary companies, including unrealised profits after tax of £1,000 (1988 £Nil) but after deducting loans of £301,000 (1988 £319,000) from the Company, amounted at 30th September 1989 to £95,000 (1988 £58,000). Outstanding underwriting commitments entered into by a subsidiary amounted at 30th September 1989 to £62,000 (1988 £Nil).

Largest listed investments
as at 30th September 1989

U.K.

AAH Holdings Plc
Allied London Properties Plc
BAT Industries p.l.c.
British Aerospace PLC
British Gas PLC
The British Petroleum Company p.l.c.
BTR plc
The Burmah Oil plc
Cable and Wireless plc
Countryside Properties PLC
Daejan Holdings PLC
James Finlay P.L.C.
Glaxo Holdings p.l.c.
Guinness PLC
Harrisons & Crosfield PLC
Heywood Williams Group PLC
Inchcape plc
The Morgan Crucible Company plc
Pearl Group PLC
Pearson plc
Rolls-Royce plc
The Royal Bank of Scotland plc
The RTZ Corporation PLC
The 'Shell' Transport & Trading Company, p.l.c.
SmithKline Beecham plc

U.S.A.

American Home Products Corporation
The Boeing Company
Campbell Soup Company
H. J. Heinz Company
Kellogg Company
PPG Industries, Inc.
The Quaker Oats Company

West Germany

Deutsche Bank AG
Hoechst AG
Schering AG
Siemens AG

Far East and Pacific

Highland & Lowlands Berhad
The Hongkong and Shanghai Banking Corporation

The above holdings represented 56% of the total market value of the listed investments at 30th September 1989 and constituted all investments with a market value in excess of £750,000 as at that date.

Majedie Investments PLC

Classification of Listed Investments
as at 30th September 1989

	U.K. %	U.S.A. %	West Germany %	Far East and Pacific %	Total %	1988 %
Equities						
Capital goods	17	7	4	3	31	32
Consumer goods	19	8	2	3	32	28
Energy	7	—	—	—	7	8
Financial and property	13	1	2	4	20	18
Plantations and overseas traders	4	—	—	3	7	8
	60	16	8	13	97	94
Bonds						
Sterling	1	—	—	—	1	1
U.S. dollar	—	1	—	—	1	3
Other currencies	—	—	1	—	1	2
	61	17	9	13	100	100
1988 Equities	58	15	9	12	94	
Bonds	1	3	—	2	6	
	59	18	9	14	100	

The classification of investments is based on the market value of the listed investments at 30th September 1989 which amounted to £79,856,000 (1988 £65,529,000) and does not include monies held on deposit.

Five-Year Summary

Year to 30th September	1985	1986	1987	1988	1989
£000s					
Issued capital	2,627	2,627	2,627	2,627	2,627
Net assets	57,255	68,815	90,487	74,415	90,009
Investment income	3,484	3,437	3,118	3,150	3,771
Net revenue after taxation	1,740	1,843	1,709	1,746	2,106
Dividends	1,366	1,642	1,708	1,708	1,970
Revenue retained	374	201	1	38	136
p per 10p share					
Net asset value	218	262	344	283	343
Middle market price	158	186	273	205	276
Earnings	6.62	7.02	6.51	6.65	8.02
Dividends	5.20	6.25	6.50	6.50	7.50

Dividends shown for 1986 do not include the special dividend of 4.2p per share paid from Revenue Reserve.

For capital gains tax purposes, the adjusted market price of the Company's shares at 31st March 1982 was 71.75p per 10p share. Former shareholders of Barlow Holdings PLC are recommended to consult their professional advisers in this regard.

Majedie Investments PLC

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