

# The B&C group's results for 1974

GROSS REVENUE .. .. .	£148,000,000	— up by £31,000,000
GROSS PROFIT .. .. .	£19,196,000	— up by £5,207,000
PROFIT AFTER TAX, BUT BEFORE EXTRAORDINARY ITEMS .. .. .	£8,660,000	— up by £1,744,000

The following remarks by our chairman, Sir Nicholas Cayzer, are taken from his statement published in the report and accounts.

## Leisure industries

Last year, I advised you of the difficulties we were experiencing in the promotion of leisure industries and the associated effects of the one upon the other. I was not to know of the imminent demise of the Court Line which compounded our problems as our principal arrangements for flying were with one of its subsidiaries. Although showing an overall improvement, such improvement has not been as large as I had expected.

For the current year I can report that bookings for a much reduced inclusive tour programme are well ahead of the figure for the corresponding period of last year; that the throughput of our travel offices is encouraging and that, although slower than we should have wished, arising in part from a reduction in scheduled air services to the island, our hotel in Lanzarote is becoming increasingly popular.

## Airline and hospital

Our remaining airline, the comparatively small operation run by British Island Airways, suffered considerably as a result of fuel rationing during and following the introduction of the three-day week, and a massive increase in fuel prices which, because of our outdated regulations, could not immediately be recovered by increased charges. In regard to our hospital, the phasing-in was expensive as we decided that if we were to provide a first-class service as each floor came into operation we must carry a trained staff in excess of immediate requirements. Support from overseas is encouraging and indicates that British medicine is highly regarded throughout the world. We welcome the arrangement whereby a team of consultants specialising in ophthalmology have the availability of one of the floors of the hospital and the back-up operating theatres and other services.

## Shipping

In a difficult year our figures have improved, with an increased contribution

from liner services and bulk carriers. Unfortunately, in the latter activity, this uplift has been of short duration, for with a reduction in world trade, current fixtures are unprofitable and if maintained at these levels will lead inevitably to the corrective of lay-up.

Much of the time of senior management has been devoted to the progressing of the plan for the introduction of containerisation in the South African trade. Shareholders will wish to be reminded that when this takes place our interest in the operation will be taken through our associated company, OCL, in which our stake will increase to approximately 20 per cent from its present figure of 7.6 per cent. A ship for this trade has been ordered by OCL and is expected to come into service in the latter part of 1977. After the initial teething troubles inherent in the introduction of a new concept, OCL has shown a capacity to make profit; and, although the current year's results must be considerably down from the 1974 achievement, I believe that, if goods have to be transported to and from the areas served, OCL will go forward and, taking one year with another, should show reasonable profits.

The movement of cargo is obviously fundamental, and I look with dismay at the ever-increasing cost of the goods and services which we are attempting to sell abroad. If our sterling costs rise at a greater rate than the corresponding costs in other countries, the only balancing factor can be a reduction in the value of sterling, with the consequence that the imported goods which we consume in order to live will go up in price, thus further feeding inflation. Alternatively, our international trade may shrink which affects the shipowner in particular, but equally can and will cause unemployment.

Thus, in reviewing the shipping scene, I believe that as a group we are at this time reasonably well balanced. We have no tankers and only six bulk carriers. Essentially, the remainder of the fleet is employed in the liner trades which historically, although missing out on the peaks, are more

resilient to a fall-off in demand than other sections of shipping.

I must include in our shipping assets our interest in Safmarine, where, as you are aware, we own directly and indirectly approximately 38 per cent of the share capital. This group, with the diversity of its trades, is in a relatively strong position and continues to prosper.

## Helicopter operations

The Bristow Helicopter Group has made further progress. With its international spread of business, the variety of its contracts and the progressive introduction of larger equipment, prospects continue to be favourable. During the course of the year, the group increased its effective interest from 59.9 per cent to 66.6 per cent.

## Office equipment

The size and scope of this operation continues to expand, partly on account of natural growth and partly by acquisition. Starting from a small base in Glasgow, the organisation—either in association with well-established local individuals or companies, or through wholly-owned subsidiaries—is now represented in most of the main trading areas in the United Kingdom. While in certain products competition is intense, it is considered that provided good after-sales service is given there is no reason why it should not be possible to obtain a profitable share of an increasing market.

## Underwriting

The 1972 underwriting account of The Scottish Lion Insurance Co. Ltd. closed on December 31, 1974, with a record profit of £773,000. In view of the apparent deterioration in the underwriting climate for the years 1973 and 1974, it was decided to carry forward this profit, subject to provision for taxation, in the insurance fund and to transfer from profit and loss account a further £200,000 by way of a general strengthening of the fund.

## Investments

Our associate company, Steel Brothers Holdings Ltd., has had another successful year, although once again results from Australia have been disappointing. Country and New Town Properties Ltd., another associate, has extended its activities overseas, but has had difficulty in progressing any major developments in the United Kingdom. Since the close of the year, we have increased our holding in City Offices Ltd., an old-established and soundly financed property company, to about 29 per cent. The new organisation, which was created to merge our interests in St. Mary Axe Finance Co. Ltd. and Gartmore Investment Ltd., has settled down well, though the banking activity carried on by Cayzer Bowater and Co. Ltd. has been inhibited by existing conditions from the full development of its trading potential.

I am pleased to advise you that our 25 per cent share of profits for 1974 from our shareholding in Cayzer Steel Bowater Holdings Ltd. was greater than our 50 per cent share in Cayzer Steel Brothers Holdings Ltd., which financed our contribution to the merger.