

Argentina

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Argentina

10 DOWNING STREET

THE PRIME MINISTER

31 August, 1982.

Dear Mr. Needham

Thank you for your letter of 12 August about the future of the Falkland Islands and your plans to pay a visit there. I am sure such a visit would be well worthwhile.

As you may know, Lord Shackleton has now completed the revision of his 1976 Economic Survey of the Islands, and the updated study should be ready for publication by the middle of September. You will no doubt first wish to study the recommendations in the report and consider their bearing on the role of your company in the Islands. We for our part will also need to study the report in depth and consult interested parties as fully as possible before reaching conclusions about the way forward.

Perhaps in the first instance you could get in touch with Cranley Onslow at the Foreign and Commonwealth Office, who will, I am sure, be keen to discuss these matters with you.

Yours sincerely

Roger Shabte

C.E. Needham, Esq.

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CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

27 August 1982

*Dear Tim, Mr Lyne wa 22/8*

With your letter of 16 August you enclosed one to the Prime Minister from Ted Needham, the Chairman of the Coalite Group.

The Falkland Islands Company has continued to play a useful role in shipping goods to the Islands and arranging for their distribution there. The Company has also started to repair its own damaged property. But this is no more than might be expected given the circumstances. Mr Needham is playing a cautious hand in reacting to reports of the Civil Commissioner's remarks that the days of the Company are numbered.

Though we must clearly co-operate with the FIC and Mr Needham, we see no compelling reasons for the Prime Minister to see him, at least at this stage. Mr Onslow proposes to see Mr Needham as a first step.

I enclose a draft reply from the Prime Minister accordingly.

*Your ever  
J E Holmes*

(J E Holmes)  
Private Secretary

T Flesher Esq  
10 Downing Street

CONFIDENTIAL

**DRAFT:** minute/letter/teleletter/despach/note

**TYPE:** Draft/Final 1+

**FROM:**  
Prime Minister

Reference

**DEPARTMENT:** **TEL. NO:**

**SECURITY CLASSIFICATION**

**TO:**

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

C E Needham Esq  
Chairman  
Coalites Group plc  
PO Box 21  
Chesterfield  
Derbyshire  
S44 6AB

**Copies to:**

**PRIVACY MARKING**

**SUBJECT:**

.....In Confidence

Thank you for your letter of 12 August about the future of the Falkland Islands and your plans to pay a visit there. I am sure such a visit would be well worthwhile.

**CAVEAT**.....

As you may know, Lord Shackleton has now completed the revision of his 1976 Economic Survey of the Islands, and the updated study should be ready for publication by the middle of September. You will no doubt first wish to study the recommendations in the report and consider their bearing on the role of your company in the Islands. We for our part will also need to study the report in depth and consult interested parties as fully as possible before reaching conclusions about the way forward.

Perhaps in the first instance you could get in touch with Cranley Onslow at the Foreign and Commonwealth Office, who will, I am sure, be keen to discuss these matters with you. ~~He is taking a very close interest in the future of the Falklands.~~

Enclosures—flag(s).....

27 AUG 1954



File

OSG

27/8

Alan

Will you BH or me?

Kay

16/8

16 August 1982

BF

As I mentioned on the phone this morning, the Prime Minister has received the attached letter from Mr. Ted Needham, the Chairman of Coalite Group, seeking a meeting with her. Before responding to Mr. Needham, I should be grateful for your advice on the advisability and timing of such a meeting. Could I therefore trouble you for a draft reply for the Prime Minister's signature, to reach this office by Friday 27 August.

Timothy Flesher

John Holmes, Esq.,  
Foreign and Commonwealth Office.

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FROM THE CHAIRMAN

P.O. BOX No 21, CHESTERFIELD, DERBYSHIRE S44 6AB  
TELEPHONE: 0246 822281 (10 LINES)  
TELEGRAMS: 'COALITE, BOLSOVER, TELEX: TELEX: 54250



# Coalite Group PLC

FALKLAND ISLANDS COMPANY LTD.

PERSONAL

12th August, 1982

R13

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister,  
10 Downing Street,  
London SW1.

*Dear Prime Minister*

FALKLAND ISLANDS

I have deferred writing again earlier since you would obviously wish to see the up-dated Shackleton Report before taking a view on many aspects of the future on the Islands.

The obvious priority so far has been to do whatever possible to enable the Islanders to return to something approaching normal life as soon as possible. The major burden of cleaning up and removing dangers has fallen on the Forces and it is clear that they have been doing a marvellous job. We are trying to play our part in sending out essential equipment for the farms and domestic and other items which the Islanders need.

There is of course much speculation as to what will be "normal life" on the Islands in future and what changes should be made. I am hoping to arrange to visit the Islands to try to form a clearer view. Before doing so, it would be most helpful and greatly appreciated if you could spare a little time for an informal personal exchange of views on what changes might be favoured and how the Falkland Islands Company might help or, as some suggest, reduce our commitment.

You will no doubt still be receiving much correspondence regarding the Falklands but I thought you might be amused and touched as I was by the attached copy of a delightful letter from a would-be pair of emigrants to the Islands. Since references to the Falklands featured more prominently this year in my Statement to shareholders, I am enclosing a copy of that also in case of interest.

With best wishes.

*C. E. Needham*  
C. E. Needham

30 Devizes Close  
Grangewood Estate  
Chesterfield  
Derbyshire S40 2UL

7/7/1982

Dear Mr Needham,

Many thanks for your welcome letter just received.

I will gladly give you any details you need. My Mom said you would not take us because of our age but i am going to try anyway.

I am 58 and i am an experienced children's nanny, G.P.O trained telephonist, and experienced in all types of Switchboard here and in Canada and America where i lived for 14 years returning here because of the death of my dear father. Before i went to Canada in 1947 i worked as a bus conductress and in the woollen mill in the spinning combing, winding and balling of the wool, also in the twisting. I also had a year with my cousins in Australia where i worked as a cook for a sheep shearing team.

Both my Mom and i are professional knitters and crocheters, and although my Mom is 78 she is very active and in her lifetime she is a professional cook and a very good one i can tell you.

We would dearly love to go and live in The Falklands and it seems to be the ideal quiet life that we like.

I was so happy to see our Falklands being retaken by our forces and although it should not have happened at all, i am sure our Iron Lady will keep an alert and very watchful eye out that it does not happen again.

(2)

We are so sorry for what your people had to suffer during the rotten invasion and although it is all over i do not trust those argentinnes, although at the moment i think they have more than enough on their hands at the moment and i hope the world has learnt by now that it does not do to tread on the toes of the British.

Our thoughts were always with you in those terrible moments and as i am an ex-army sergeant myself, i would have loved the chance to go out there then and do my bit to help and gladly have gone.

I feel sure that now our Government are going to do something to develop the Island and help the people there, at least we hope so. Our boys must not have lost their lives in vain and you people deserve the best for what you have suffered.

Many thanks for the address in Port Stanley and i am writing today.

I do hope you will consider us to go out and live their, surely we can be of some use out there and you know what they say, "there is many a good tune played on an old fiddle".

Once again many thanks for your letter and hope to hear from you again.

Yours sincerely

*M. Wragg*

(Miss)

Mollie Wragg



## Chairman's Statement



### Financial Results

Group turnover increased by 13.7%, from £358m to £407m. Profit before tax improved from £21.86m to £23.86m, an increase of 9.1%. The tax charge for the previous year had been unusually low due to stock relief provisions of the Finance Act, 1981. The return to a normal tax level this year is reflected in reductions in after-tax profit from £19.67m to £15.65m and in earnings per share from 24.01p to 18.20p. Cash and near-liquid funds improved by £13.9m, producing an increase of £1.3m in interest revenue. On the other hand, profit from the sale of investments was lower by £1.1m. Supplementary accounts on a current cost basis appear on pages 22 to 25, indicating a profit increase on the current cost basis from £13.04m to £15.75m.

Your Directors recommend that a final dividend of 3.1p per share be paid in August 1982. Together with the interim dividend of 1.43p paid in February, this makes a total of 4.53p per share (1981: 4.16p).

The following comparisons briefly summarise our progress over the five years from March 1977 to March 1982.

	31st March 1982	31st March 1977
	£m	£m
Ordinary capital	21.5	14.5
Reserves	86.6	18.1
Net current assets	79.6	22.7
Turnover	406.9	57.4
Profit before tax	23.9	10.2

### Directorate

Mr. John Sparrow, who joined the Board in May 1974, assumed his new responsibilities as Head of the Government Central Policy Review Staff on April 1st, 1982. He was obliged thereby to relinquish his company Directorships and duly resigned from the Coalite Group Board on March 31st, 1982. We are greatly indebted for the benefit of the concise judgement and wide experience of industry and finance which he contributed to our deliberations.

Dr. Keith Sugars, who joined the Company as an Executive Director in March 1981, resigned by mutual agreement in December 1981.

### Companies Act 1980

Set out in the Notice of the Meeting is a resolution resulting from the Companies Act, 1980. Resolution No. 6 is the proposed renewal of a similar resolution which was passed last year. It is a waiver of the pre-emption rights arising under Section 17 of the Act and is a short term authority restricted to a maximum of 5% of the Company's total authorised share capital. I commend the proposal to shareholders as being in the interest of the Company.

It had been hoped to submit a resolution adopting new Articles of Association but they have yet to be finalised and will be submitted for your approval in 1983.

In accord with requirements of the 1980 Act, the name of the Company has been changed to and re-registered as 'Coalite Group PLC'.

### The Year in Retrospect

Since recent problems come most easily to mind, there is a tendency to magnify them out of perspective. Each financial year presents its share of difficulties and last year was no exception but there were also opportunities. The balance held between the two enabled us to emerge with improvements in turnover and profits to roughly match the rate of inflation. That result was made

Photographs taken by the Chairman when visiting Port Stanley, including views of Company offices, the jetty, m.v. 'Monsunen', the 'Upland Goose Hotel' and the Colony Club.



## Chairman's Statement *continued*

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possible by the sustained energy and co-operation of management and employees to improve our ability to compete in highly depressed markets. Appreciation is also extended to our customers and suppliers for their continued confidence and support.

During the year, a number of changes were made to simplify structures within the Group. Instead of manufacturing 'Coalite' smokeless fuels and processing oils and chemicals under several separate operating companies, these activities have been consolidated into one company under the name of Coalite Fuels and Chemicals Limited. Similarly, our substantial interests in the distribution of solid and liquid fuels are now operated under one company, Charringtons Fuels Limited, although original trade names have been retained where appropriate. The same comment applies to vehicle distribution, for which Chatfields-Martin Walter Limited is now the single operating company.

The processing and distribution of fuels and chemicals remain our predominant activities. Whilst margins on chemicals and hydrocarbon oils are still low by historic standards and the markets are subject to fairly wide fluctuations, there was a welcome improvement in overall performance. The absurdly over-competitive price of natural gas relative to other fuels has wrought havoc in the domestic market over the past decade. The present Government policy of gradually increasing the real price of gas is beginning to correct that position but there is still some considerable way to go to restore sensible differentials. Bearing this and the general economic climate in mind, the various fuels and chemicals activities performed well to improve profits.

There was a small contraction in the total market for domestic solid fuels in spite of what could be regarded as a reasonably cold winter. The cold weather was in fact a little too severe in December and January, when poor road conditions and frozen oil in vehicle fuel tanks caused problems in distribution. The volume of fuel oil sales was slightly higher in spite of the fact that the total U.K. fuel oil market declined overall. There was unfortunately some disruption in supplies of all fuels due to strikes on the railways. Solid fuels distribution interests were extended in March 1982 by acquisition of the business of Franklin Fuels, an old established and respected name in the trade, operating throughout much of Bedfordshire, Hertfordshire, Buckinghamshire and North Middlesex. Our continuing close working relationships with the N.C.B. and Mobil proved invaluable in maintaining the best possible service to all our customers.

The market for 'Coalite' and other smokeless fuels has suffered not only from unrealistically low gas prices but also from illicit sale and use of bituminous coal in smoke-controlled areas and it is encouraging to see authorities now taking active steps to combat this reversal in progress towards clean air. Having carried over substantial stocks of 'Coalite' from the previous winter, output was reduced in the first half of last year and stocks lowered. Randolph Coke and Chemicals Company, acquired at the end of the previous year, was returned to profitability and made a modest contribution in this first year.

Furnace Instruments managed to increase market share under highly competitive conditions, inevitably at some expense to margins, but producing results which still represent a satisfactory return on capital and show promise of rapid recovery on any industrial upturn.

Ruypm, our builders merchandising company, managed to achieve modest increases in turnover and trading profit to justify the cost of a continuing expansion programme. Additional warehousing was acquired to widen the product range of the Dudley branch and the general refurbishment and extension of showrooms has continued to improve market share in home improvement. A sustained increase in house-building would be a welcome sign of returning confidence and it is to be hoped that current optimistic forecasts will prove correct.

Reorganisation in automotive distribution reduced overhead charges. Stocks were better controlled and margins increased to produce a substantial improvement over last year. Our range was extended by the acquisition of a Dodge and Renault outlet in South Manchester to complement existing commercial vehicle interests in that area. It is also intended to acquire suitable premises in Stoke-on-Trent to establish a separate Ford truck dealership.

Specialised vehicle building was still suffering from general market depression and local government spending cuts. Product lines have been rationalised and production facilities reorganised to provide a stronger position when demand improves.

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## Chairman's Statement *continued*

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Despite continued reorganisation and pruning, Transport and Warehousing showed few signs of recovering from the impact of reduced demands for storage space and intense competition in transport prices, making it difficult to recover cost increases.

In Southern Ships Stores, poorer results in Southampton due to continual dock labour disputes and reduced warehousing demand were balanced by increased export business to the Middle-East. Dundee, Perth and London Shipping experienced mixed fortunes, with declines in North Sea oil activities and ships chandlery but improvements in stevedoring and travel business. In October 1981, we acquired the 50% of shares in Dundee Petrosea previously held by Thiess Holdings, making it a wholly owned subsidiary.

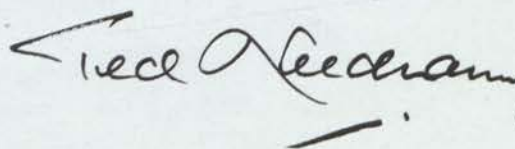
Our interests in offshore oil remained unchanged, with a 5.9% holding in Sovereign Oil and Gas and 5% direct participation in two blocks awarded to a seventh round consortium headed by Mobil. We have entered into preliminary discussions on participation in the prospective eighth round of licences. Production from the South Brae field, in which we have an interest through Sovereign Oil and Gas, is scheduled to commence in 1983.

You are well aware of our involvement in Falkland Islands affairs through ownership of The Falkland Islands Company. I have referred in previous years to the continuing debate on the sovereignty issue. It is very sad that the debate should have deteriorated in the meantime into open conflict and serious loss of lives. There seems little point now in crying over diplomatic shortcomings over the past fifteen years or so. The Argentines evidently came to the conclusion that they could occupy and retain the Islands with impunity. Purposeful reaction from the U.K. Government and brilliant and brave action by our armed forces have now achieved complete British re-occupation. It is in our best national tradition that the well-being and right to self determination of the fervently British Falkland Islanders, even though only about 1700 in number, should provoke in this Country such profound determination for their protection. Regardless of whatever the eventual arrangements for the proper defence of the Islands or development of their economy, I fervently hope that it will not be long before the Islanders will be able to resume the pleasant way of life they used to know and enjoy.

Having made that personal comment, you will wish me to refer to your interests there. Your Company owns about 1½ million acres of grazing land, supporting 300,000 sheep. Full time employees number approximately two hundred and fifty. The other main assets on the Islands are buildings, machinery and farming equipment. The total assets are greatly undervalued in the books at a historical figure of £4.537m. Needless to say, all business on the Islands has been completely disrupted, with wool which would otherwise have been in the U.K. still in storage at scattered farms. The small ship 'Monsunen' with which we normally collect this wool into Port Stanley was first requisitioned by the Argentines, who grounded it under fire, and then by our own forces to transport ammunition and other supplies around the coast. The larger supply ship 'A.E.S.', which we charter full-time to take supplies to the Islands and return the wool crop to the U.K., was half way south at the time of the Argentine occupation. It has been held in mid-Atlantic in the meantime but resumed her journey south on June 3rd with the aim of getting the long overdue supplies to the Islanders as soon as the military situation would allow. They are extremely resourceful and resilient people but will have had much to endure and I am sure you will wish to join me in sending our very best wishes to all our people out there.

### Prospects

The return to single figure inflation is the most reassuring sign we have seen for some time. Both the causes and effects of the rapid inflation of the 1970's engendered depression, whereas now we at least have the prospect of improving competitiveness and confidence provided that past lessons do not have to be learned anew. The timing of the eventual upturn is still uncertain and it is likely to be a slow process but, with our physical and financial resources satisfactorily consolidated over a difficult period, we have every reason to look confidently to the future.



Chairman.