

NOTES ON THE *FINANCIAL TIMES*— ACTUARIES EQUITY SHARE INDICES IN 1983

by

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1. *Classification of Stock Exchange Securities by Industry*

The original classifications were set out in the 1970 note in this series (T.F.A., 32, pp. 433-436). Subsequent amendments were set out in the notes for 1971-74, 1977 and 1979-80 (T.F.A., 33, 112; 33, 295; 34, 127; 34, 455; 36, 69; 37, 70 and 37, 315). Minor amendments were made to three category definitions during 1983.

During the year it was decided that the existing category 19 (Electricals—excluding Radio & TV) should be subdivided in order to distinguish the proliferating electronic companies. As a result two new categories were adopted at the year-end:—

- 35 Electronics
- 44 Security & Alarm Services

and also minor changes were made to the titles of three categories—which became:—

- 19 Electricals
- 69 Office Equipment (excluding Computers)
- 76 Miscellaneous—Unclassified

As a result of the quarterly meetings of the Classification Sub-Committee of the Joint Investment and Index Committee, the classifications of 109 companies were changed, following changes in their business or, (in the majority of cases) the subdivision referred to in the previous paragraph. These changes were only made after notification to the company concerned and usually after discussion; a further 83 companies, in addition to those with whom discussions had begun in earlier years, were first approached in 1983.

The Stock Exchange continued to classify the new companies either granted a full quotation, or quoted on the Unlisted Securities Market.

2. *Constituent Changes in the Equity Indices*

During 1983 forty-five constituents were removed from the indices—five more than in 1982. As shown in Table A, 24 of these constituents were acquired by other companies, 1 went into liquidation, 1 changed its tax residence to Hong Kong, 3 investment trusts were unitized and the other 16 were removed under the casualty rule due to their persisting small capitalisations.

The forty-five new constituents replacing those removed are set out in Table B. It was incidentally agreed that during 1984 it might not necessarily be appropriate to replace a constituent removed outside the 500 share index—with the result that the number of constituents in the All-Share Index would fall below 750.

Forty-three of the companies reclassified during the year—as described in s. 1—were constituents, and consequently their index classifications were changed as set out in Table C. Most of the changes were in the Electrical subsection, which was subdivided into two (04—Electricals and 05—Electronics) in much the same way as was the corresponding Stock Exchange classification category—see the previous section. In order to achieve this, however, it was necessary to discontinue the existing 05—Engineering Contractors subsection, the capitalisation of which was shrinking to about $\frac{1}{4}\%$ of the All-Share Index. As a result those constituents in the following Stock Exchange categories had to be moved to new index subsections:

<i>Constituents in S.E. Category</i>	<i>Moved to Index subsection</i>
25 Steel & Chemical Plant	06 Mechanical Engineering
29 Miscellaneous Engineering Contractors	06 Mechanical Engineering
30 Heating & Ventilating	03 Contracting & Construction
31 Instruments	10 Other Industrial Materials

The fourteen constituents which changed their names are shown in Table D.

In 1983 the total number of capital changes (not just those involving changes of constituent) recorded rose to 574—rather more than in most recent years, even without allowing for the greater than usual number of reclassifications.

3. *Miscellaneous*

The equity share index values, yields and ratios at the end of 1983 (prior to the changes) are set out in Table E.

In respect of those fifteen groups or subsections effected by the year-end constituent changes, certain of the altered details (after the changes) appear for the end of 1983 in Table F.

Early in 1984 the Stock Exchange began to publish a new index of the “top 100” companies calculated on a real-time basis and updated every minute. The base is 1000.0 at the close of business on 30 December 1983 and the new index is to be known as the F.T.S.E. 100 Index. It is intended by both the Stock Exchange’s own Traded Option Market and also the London International Financial Futures Exchange to write contracts on the new index.

The new index is not the responsibility of actuaries but both the Institute and Faculty are represented on its Steering Committee, and in fact five out of its dozen members are also on our Joint Investment and Index Committee.

TABLE A
Constituents removed

<i>Date of Removal</i>	<i>Constituent Removed</i>	<i>Index Classification</i>	<i>Control acquired by, or Reason for Removal</i>
7 Jan.	Cedar Investment Trust	Investment Trusts	Unitized
10 Feb.	Carrington-Viyella	Textiles	Vantona Group
1 Mar.	Aberthaw Cement	Building Materials	Blue Circle Industries
28 Mar.	Anderson Strathclyde	Mechanical Engineering	Central Mining & Investment Corp'n.
31 Mar.	Aurora	Other Consumer	Under "Casualty" Rule
12 Apr.	Christie-Tyler	Building Materials	Kean & Scott Holdings
26 Apr.	Alpine Holdings	Property	C. H. Beazer (Holdings)
	Second City Properties		Hanson Trust
	U.D.S. Group	Stores	Edinburgh Investment Trust
13 May	Scottish United Investors	Investment Trusts	Thorgmorton Trust
18 May	Pentland Investment Trust		
9 June	Barton Group	Metals & Metal Forming	Caparo Industries
	Thomas Tilling	Other Industrial Materials	B.T.R.
30 June	Brown & Jackson	Miscellaneous	Under "Casualty" Rule
11 July	Regional Properties	Property	Friends Provident Institution
2 Aug.	Black & Edgington	Leisure	Black & Edgington Holdings
8 Aug.	B.S.R. International	Leisure	Change of tax residence to Hong Kong
22 Aug.	Scottish Ontario Investment	Investment Trusts	Unitized
30 Aug.	Huntleigh Group	Other Industrial Materials	Flight Refuelling
31 Aug.	Broadstone Investment Trust	Investment Trusts	Unitized
16 Sep.	Bambers Stores	Stores	Receiver appointed
30 Sep.	Howard Machinery	Mechanical Engineering	
	A. A. Jones & Shipman	Merchant Banks, Issuing Houses	
	Leopold Joseph Holdings	Metals & Metal Forming	
	Arthur Lee & Sons	Textiles	
	Lister	Other Consumer	
	M.Y. Dart	Mechanical Engineering	
	James Neill Holdings	Shipping & Transport	
	Reardon Smith Line	Mechanical Engineering	
	Spear & Jackson International		
	Wellman		
12 Oct.	Spring Grove	Miscellaneous	Pritchard Services Group
19 Oct.	Sotheby Parke Bernet Group		Taubman U.K. Investments

TABLE A (*continued*)

<i>Date of Removal</i>	<i>Constituent Removed</i>	<i>Index Classification</i>	<i>Control acquired by, or Reason for Removal</i>
14 Nov.	Amalgamated Distilled Products	Brewers & Distillers	} Argyll Group
	Argyll Foods	Food Retailing	
23 Nov.	Moorside Trust	Investment Trusts	Guinness Peat Group
2 Dec.	North British Properties	Property	Sun Life Assurance Society
	Royal Worcester	Miscellaneous	Crystalate Holdings
7 Dec.	Hoover	Other Consumer	Hoover Co.
	Tecalemit	Motors	Siebe Gorman Holdings
20 Dec.	Charterhouse Group	Merchant Banks, Issuing Houses	} Charterhouse J. Rothschild
	R.I.T. & Northern	Investment Trusts	
Year-end	A.I.M. Group	Engineering Contractors	} Under "Casualty" Rule
	Forward Technology	} Electricals (excl. Radio & TV)	
	Industries		
	Quest Automation		

TABLE B

New Constituents replacing those removed in Table A

<i>Date of Intro- duction</i>	<i>New Constituent</i>	<i>Index Classification</i>
7 Jan.	Murray Technology Investments	Investment Trusts
10 Feb.	Applied Computer Techniques (Holdings)	Office Equipment
1 Mar.	Associated British Ports Holdings	Shipping & Transport
28 Mar.	A.B. Electronic Products Group	Electricals (excl. Radio & TV)
31 Mar.	Fleet Holdings	Newspapers & Publishing
	Mount Charlotte Investments	Leisure
12 Apr.	P. C. Henderson Group	Building Materials
26 Apr.	Markheath Securities	Property
	Superdrug Stores	Stores
13 May	New Court Trust	} Investment Trusts
18 May	Scottish & Mercantile Investment	
9 June	Crystalate Holdings	} Electricals (excl. Radio & TV)
	Security Centres Holdings	
30 June	Abingworth	Investment Trusts
11 July	United Leasing	Other Financial
2 Aug.	Hamilton Oil Great Britain	Oils
8 Aug.	S. R. Gent	Textiles
22 Aug.	Henderson Administration Group	Other Financial
30 Aug.	Oceonics Group	Electricals (excl. Radio & TV)
31 Aug.	London Investment Trust	Other Financial
16 Sept.	Octopus Publishing Group	Newspapers & Publishing
30 Sept.	Bespak	Health & Household Products
	Carlton Communications	Miscellaneous
	Comben Group	Contracting & Construction
	Datastream	} Miscellaneous
	Dominion International Group	
	D.P.C.E. Holdings	} Building Materials
	Johnston Group	
	Riley Leisure	Leisure
	Sidlaw Group	} Miscellaneous
	Systems Designers International	
12 Oct.	Telemetrix	} Electricals (excl. Radio & TV)
19 Oct.	Oxford Instruments Group	
14 Nov.	Argyll Group	Food Retailing
	Joseph Holt	Brewers & Distillers
23 Nov.	F. & C. Enterprise Trust	Investment Trusts
2 Dec.	Bertam Holdings	Overseas Traders
	Plysu	Chemicals
7 Dec.	Clyde Petroleum	Oils
	Higgs & Hill	Contracting & Construction
20 Dec.	Charterhouse J. Rothschild	Merchant Banks, Issuing Houses
	London & Edinburgh Trust	Property
Year-end	Cambridge Electronic Industries	} Electronics
	First Castle Electronics	
	Logica	

TABLE C
Constituents Reclassified

<i>Date</i>	<i>Constituent</i>	<i>Former Classification</i>	<i>New Classification</i>
31 Mar.	Henry Wigfall & Son	Leisure	Stores
30 June	Fitch Lovell	Food Retailing	Food Manufacturing
	Ocean Wilsons (Holdings)	Overseas Traders	Shipping & Transport
	Scapa Group	Textiles	Other Industrial Materials
30 Sep.	Barlow Holdings	Overseas Traders	Other Financial Property
	Fairview Estates	Contracting & Construction	Miscellaneous
	London & Northern Group		
	R.F.D. Group	Textiles	Electronics
Year-end	A.B. Electronic Products Group	Electricals (excl. Radio & TV)	
	Applied Computer Techniques (Holdings)	Office Equipment	
	Associated Heat Services	Engineering Contractors	
	Bowthorpe Holdings	Electricals (excl. Radio & TV)	Contracting & Construction Electronics
	Brown Boveri Kent		
	Capper-Neill	Engineering Contractors	Other Industrial Materials
	Computer Systems & Engineering	Electricals (excl. Radio & TV)	Mechanical Engineering
	Crown House	Engineering Contractors	Electronics
	Crystalate Holdings	Electricals (excl. Radio & TV)	Mechanical Engineering
	Davy Corporation	Engineering Contractors	Electronics
	Diploma	Electricals (excl. Radio & TV)	Mechanical Engineering
	D.P.C.E. Holdings	Miscellaneous	
	Dubilier	Electricals (excl. Radio & TV)	Electronics
	Electrocomponents		
	Expamet	Mechanical	Building Materials
	International	Engineering	
	Farnell Electronics	Electricals (excl. Radio & TV)	Electronics
	Ferranti		
	Fothergill & Harvey	Textiles	Other Industrial Materials
	General Electric	Electricals (excl. Radio & TV)	Electronics
	Haden	Engineering Contractors	Contracting & Construction Mechanical Engineering
	Matthew Hall		
	I.C.L.	Electricals (excl. Radio & TV)	Electronics
	Memec (Memory & Electronic Components)		
	Mulsitone		
	Electronics		

TABLE C (continued)

<i>Date</i>	<i>Constituent</i>	<i>Former Classification</i>	<i>New Classification</i>
	Northern Engineering Industries	Engineering Contractors	Electricals
	Oceonics Group	} Electricals (excl. Radio & TV)	} Electronics Miscellaneous
	Plessey		
	Racal Electronics		
	Security Centres Holdings		
	Simon Engineering	Engineering Contractors	Mechanical Engineering
	Standard Telephones & Cables	} Electricals (excl. Radio & TV)	} Electronics Other Industrial Materials Mechanical Engineering
	Telemetrix		
	Unitech		
	Vinten Group		
	Whessee	Engineering Contractors	

TABLE D

Changes of Name

<i>Former Name</i>	<i>New Name</i>
Associated Newspapers Group	Associated Newspapers Holdings
B.S.R.	B.S.R. International
Claverhouse Investment Trust	Fleming Claverhouse Investment Trust
P. C. Henderson Group	Henderson Group
Hickson & Welch (Holdings)	Hickson International
Jessel Toynbee	Jessel Toynbee & Gillett
K.C.A. International	Bristol Oil & Minerals
Lawrie Plantation Holdings	Lawrie Group
Linfood Holdings	Dee Corporation
Mining Supplies	M.S. International
Mitchell Cotts Group	Mitchell Cotts
Tesco Stores (Holdings)	Tesco
Town & City Properties	Sterling Guarantee Trust
Vantona Group	Vantona Viyella

TABLE
Equity Index Levels etc.

GROUPS AND SUBSECTIONS		*Number of Constituents	Index No.	Est. Earnings Yield % (Max.)	Gross Div. Yield % (A.C.T. at 30%)
1	CAPITAL GOODS*	203	466.79	9.07	3.82
2	Building Materials*	24	447.25	10.94	4.68
3	Contracting, Construction*	30	681.01	13.80	5.25
4	Electricals (excluding Radio & TV)*	38	1646.65	8.37	2.39
5	Engineering Contractors*	10	463.14	12.54	6.04
6	Mechanical Engineering*	59	212.79	11.17	5.31
8	Metals and Metal Forming	9	178.04	9.25	6.59
9	Motors	17	123.86	1.42	4.38
10	Other Industrial Materials*	16	604.08	5.25	3.72
21	CONSUMER GROUP*	197	462.00	10.36	4.35
22	Brewers and Distillers	23	439.89	13.38	5.45
25	Food Manufacturing	22	367.62	12.63	5.55
26	Food Retailing	13	1073.72	7.62	2.63
27	Health and Household Products	9	711.67	6.61	3.09
29	Leisure	23	615.57	8.24	4.43
32	Newspapers, Publishing	15	1087.65	7.99	4.39
33	Packaging and Paper	14	219.14	10.89	4.62
34	Stores	47	428.29	7.97	3.61
35	Textiles*	20	249.17	12.09	4.77
36	Tobaccos	3	518.79	19.21	6.17
39	Other Consumer	8	457.46	10.33	5.61
41	OTHER GROUPS*	84	422.48	7.97	4.16
42	Chemicals	16	630.15	7.02	4.05
44	Office Equipment*	6	109.30	8.80	4.71
45	Shipping and Transport	14	803.21	7.85	5.02
46	Miscellaneous*	48	535.42	8.87	4.00
49	INDUSTRIAL GROUP*	484	462.71	9.56	4.15
51	OILS	16	945.66	11.83	6.27
59	500 SHARE INDEX*	500	503.10	9.92	4.49
61	FINANCIAL GROUP	124	369.40	—	5.23
62	Banks	6	374.23	22.95	6.85
63	Discount Houses	8	374.76	—	7.28
65	Insurance (Life)	9	507.20	—	4.44
66	Insurance (Composite)	10	248.45	—	6.18
67	Insurance Brokers	7	645.65	10.60	4.56
68	Merchant Banks	12	244.45	—	3.88
69	Property	54	537.54	5.64	3.64
70	Other Financial	18	260.32	10.44	5.22
71	INVESTMENT TRUSTS	107	482.46	—	3.70
81	MINING FINANCE	4	280.17	9.41	5.21
91	OVERSEAS TRADERS	15	500.83	7.65	7.48
99	ALL-SHARE INDEX*	750	470.50	—	4.62

E

on 30 December 1983

<i>Est. P/E Ratio (Net)</i>	<i>Market Capital- isation as at 30 Dec. 1983 (£m)</i>	<i>% of All Share Index at 30 Dec. 1983</i>	<i>Year-end after changes</i>	<i>1983 High</i>	<i>1983 Low</i>	<i>Year earlier (31 Dec. 1982)</i>	<i>% change during 1983</i>
14.28	28515.6	19.69	*	484.42	413.64	429.44	+ 8.70
11.39	4442.3	3.07	*	462.65	402.34	402.34	+ 11.16
9.05	2103.0	1.45	*	831.09	654.09	731.37	— 6.89
15.73	11944.6	8.25	*	1909.93	1523.07	1698.07	— 3.03
10.18	574.2	0.40	*	503.86	391.02	431.20	+ 7.41
11.02	3899.2	2.69	*	225.27	184.50	193.53	+ 9.95
14.10	1135.2	0.78	0.78	187.60	147.60	147.65	+ 20.58
—	880.6	0.61	0.61	124.66	76.73	77.41	+ 60.01
25.23	3536.5	2.44	*	609.59	362.82	362.82	+ 66.50
11.82	46082.9	31.82	*	463.05	395.44	402.03	+ 14.92
9.31	6656.2	4.60	4.59	486.54	413.82	450.16	— 2.28
9.25	6247.7	4.31	4.31	368.56	318.68	323.11	+ 13.78
17.05	4353.5	3.01	3.00	1073.72	815.37	859.53	+ 24.92
17.77	6394.6	4.42	4.41	879.98	663.01	663.01	+ 7.34
15.68	3465.1	2.39	2.39	615.57	451.80	464.12	+ 32.63
15.04	859.5	0.59	0.59	1087.65	619.26	626.86	+ 73.51
11.42	1610.3	1.11	1.11	219.14	139.78	141.21	+ 55.19
17.03	10898.0	7.63	7.52	432.13	342.40	379.20	+ 12.95
9.57	1554.7	1.07	*	252.62	171.44	171.44	+ 45.34
5.83	3808.9	2.63	2.63	518.79	395.33	444.79	+ 16.64
—	234.4	0.16	0.16	457.46	334.21	334.21	+ 36.88
15.81	14540.2	10.04	*	424.56	288.55	291.11	+ 45.13
18.88	6216.0	4.29	4.29	637.49	379.93	387.16	+ 62.76
14.16	626.2	0.43	*	121.17	80.95	80.95	+ 35.02
17.20	1462.0	1.01	1.01	810.80	520.64	520.98	+ 55.13
13.51	6236.0	4.31	*	541.97	409.35	413.68	+ 29.43
13.08	89138.7	61.55	*	462.82	391.26	396.68	+ 16.65
10.27	17109.7	11.81	11.80	1071.68	693.58	700.81	+ 34.92
12.53	106248.4	73.36	*	505.31	419.14	421.83	+ 19.27
—	25620.8	17.69	17.67	372.14	267.24	267.95	+ 37.86
4.73	5809.7	4.01	4.01	389.18	273.48	276.91	+ 35.14
—	242.2	0.17	0.17	374.76	270.71	291.03	+ 28.77
—	3863.4	2.67	2.66	510.33	332.67	356.98	+ 42.08
—	5186.7	3.58	3.58	255.69	174.73	174.74	+ 42.18
12.92	1152.7	0.80	0.80	656.61	489.98	489.98	+ 31.77
—	1670.0	1.15	1.15	244.45	152.21	152.21	+ 60.60
23.75	5430.1	3.75	3.74	538.02	410.37	413.25	+ 30.08
11.54	2266.0	1.56	1.56	265.68	183.23	183.38	+ 41.96
—	8482.8	5.86	5.85	482.46	358.26	358.26	+ 34.67
13.04	3012.9	2.08	2.08	330.44	236.76	236.76	+ 18.34
18.64	1459.4	1.01	1.00	505.99	387.81	389.58	+ 28.56
—	144824.3	100.00	*	470.50	382.22	382.22	+ 23.10

* Revised figures for the number of constituents, market capitalisations and percentages of the All Share Index immediately after the Year-end changes—of those Groups or Subsections whose constituents were then changed—are set out in Table F.

TABLE F

Revised Details from Table E—Reflecting the Year-end Changes

GROUPS AND SUBSECTIONS (affected by changes in constituents at the end of 1983)	Number of Constituents	Market Capitalisation at the Year-end (£M)	% of All Share Index after changes
1. CAPITAL GOODS	205	28785.3	19.85
2. Building Materials	25	4458.9	3.08
3. Contracting, Construction	32	2165.2	1.49
4. Electricals	15	1347.5	0.93
5. Electronics	24	10980.6	7.57
6. Mechanical Engineering	64	4174.7	2.88
10. Other Industrial Materials	19	3642.6	2.51
21. CONSUMER GOODS	196	46070.0	31.77
35. Textiles	19	1541.8	1.06
41. OTHER GROUPS	83	14479.8	9.98
44. Office Equipment	5	556.8	0.38
46. Miscellaneous	48	6245.0	4.30
49. INDUSTRIAL GROUP	484	89335.1	61.60
59. 500 SHARE INDEX	500	106444.8	73.40
99. ALL-SHARE INDEX	750	145020.7	100.00