

# NOTES ON THE FINANCIAL TIMES - ACTUARIES INDEX IN 1976

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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 (*J.I.A.* 97, 111-12).

As a result of the quarterly meetings of the Joint Index Constituents and Industrial Classification Committee, the classifications of 20 companies were changed either because the company had changed its business or because the original classification was found to be incorrect. These changes were only made after notification to the company concerned and usually after discussion with the company; a further 29 companies, in addition to those with whom discussions had begun in earlier years, were first approached in 1976. The Stock Exchange Quotations Department continued to classify the few newly quoted companies. Minor amendments were made to three category definitions.

## 2. *Constituent Changes in the Equity Indices during the Year*

During 1976, 38 constituents were removed from the equity indices; this figure was higher than in either of the two previous years, but was close to the average for the last seven years. Twenty-three of the constituents were removed following their acquisition by another company, 2 were reconstructed with Malaysian registration, 5 had their quotations suspended and 8 were removed after failing for three successive half-years to attain the necessary market capitalization to permit their retention. These 38 constituents are set out in Table A; the 36 new constituents are set out in Table B (four of the commodity constituents removed in Table A were not replaced but the year-end reclassifications referred to in the next paragraph necessitated two extra replacements).

Five of the 20 reclassifications referred to above (1) concerned index constituents and required their reclassification in the index: these are set out in Table C (two of them were deferred until the end of the year to avoid removing them temporarily from the All Share Index).

After the recovery in the number of capital changes (not just those involving changes of constituent) recorded in 1975 to 432, the number in 1976 fell again to 403.

The eight constituents which changed their names in 1976 are set out in Table D.

## 3. *Changes in the Equity Indices at the End of 1976*

With effect from 31 December 1976, the four Commodity indices (Coppers, Rubbers, Teas and Tins) were discontinued—two of the Rubber constituents being reclassified as Overseas Traders (See Table C). This was done because of the difficulty found in replacing Rubber and Tin constituents removed following transfer of residence to Malaysia, and various reconstructions required of local tea companies by the Indian Foreign Exchange Regulation Act, 1973. It was also decided to remove from the indices all stocks registered abroad, and whose prices therefore reflected to a greater or lesser extent the level of the investment dollar premium. As a result all three Copper constituents were removed, as were seven of the eleven Mining Finance constituents. The thirty constituents so removed are also tabulated in Table A.

The four remaining U.K. registered Mining Finance constituents, and the seventeen (following transfers) Overseas Traders constituents formed two new groups which from 31 December 1976 were incorporated in the All Share Index. Incorporation of the two new groups reduced the All Share Index Yield on that date from 6.42% to 6.39%.

Early in 1977 certain changes in presentation, including the discontinuance of the tabulation of price earnings ratios on a 'nil' basis were made as the calculations of the indices was assumed from Extel Communications Ltd's IBM370 computer by *The Financial Times*' own computer.

#### 4. Fixed Interest Index Changes

Following the appointment of a liquidator by Amalgamated Investment & Property, its 9½% 1st Mortgage Debenture Stock 1997/2002 was replaced as a constituent of the 20-year Redeemable Debentures & Loan index by English Property Corporation 9½% 1st Mortgage Debenture Stock 1997/2002.

Following the passing of the dividend the Slater Walker Securities 6½% Cumulative Preference shares were replaced by Rio Tinto—Zinc Corporation 3.325% 'A' Cumulative Preference shares. As the result of a merger, the 5½% Cumulative Preferred stock of Second Scottish Investment Trust became the 3.85% Cumulative Preferred Stock of Scottish Investment Trust.

Owing to technical difficulties, the new fixed interest indices, mentioned in the 1975 article in this series as likely to be introduced in 1976, will not now be introduced at least until April 1977. The new presentation will consist of nine British Government Gilt Yields taken from three yield curves, constructed using all such stocks, at 5-, 15- and 25-year terms for each of low, medium and high coupons, together with a tenth Gilt yield for the irredeemables. There will also be three Debenture and Loan yields, taken at the same terms, but without distinguishing coupons, initially using over 50 such major issues. The two existing Preference group yields will be combined.

New fixed interest price indices will also be introduced: five for Gilts—taking (i) stocks under 5 years, (ii) 5 to 15 years, (iii) over 15 years (iv) irredeemables and (v) all stocks; and one each for 'Debentures & Loans' and for 'Preference Shares'.

Base date for the Gilt indices will be 31 December 1975 and data since that date will be available, and for Debentures & Loans and for Preference Shares will be 31 December 1976. Following publication of the new indices, all the original Fixed Interest series will be discontinued.

Table A—Constituents removed after being taken over, etc.

<i>Date of Removal</i>	<i>Constituent Removed</i>	<i>Index Classification</i>	<i>Control acquired by, or reason for removal</i>
9 January	Halford, Shead (Holdings)	Insurance Brokers	Alexander Howden Group
21 January	Walmsley (Bury) Group	Engineering (General)	Beloit Corporation
10 February	Brown Bros Corpn	Motors & Distributors	Dana Corporation
8 March	Consolidated Tea & Lands Tea Holdings	Teas (See Note 1) Teas (See Note 1)	McLeod Russel James Finlay
10 March	Amalgamated Investment & Property	Property	In liquidation
31 March	A B Electronic Components	Lt Electronics, Radio & TV	See Note 2
	Blackwood Morton & Sons (Holdings)	Household Goods	See Note 2
	Dimplex Industries	Household Goods	See Note 2
	Drake & Cubitt Holdings	Contracting & Construction	Quotation suspended
	Francis Industries	Miscellaneous Unclassified	See Note 2
	Group Lotus Car	Motors & Distributors	See Note 2
	Rotaprint	Office Equipment	See Note 2
	Town & Commercial Properties	Property	See Note 2
6 April	Alliance Alders	Packaging & Paper	Jefferson Smurfit Group
9 April	Clover Dairies	Food Retailing	Northern Foods
13 May	Edward Bates & Sons (Holdings)	Merchant Banks, Issuing Houses	Quotation suspended
6 July	Artagen Properties	Property	Sun Life Assurance Society
26 July	British American Tobacco	Tobacco	B.A.T. Industries
2 August	London Tin Corporation	Tins (See Note 3)	New Tradewinds Sdn Bhd
17 August	Tom Martin Metals Group	Miscellaneous Capital Goods	S. & W. Berisford
6 September	A D International	Miscellaneous Unclassified	Dentsply
17 September	Anglo-Continental Investment & Finance	Miscellaneous Financial	Généralie Occidentale
28 September	Manbré & Garton	Food Manufacturing	Tate & Lyle
12 October	Clairmace	Teas (See Note 1)	Quotation cancelled
15 October	David Charles	Contracting & Construction	In liquidation
1 November	Ayer Hitam Tin Dredging	Tins	Ayer Hitam Tin Dredging Malaysia Bhd
	Second Scottish Investment Trust	Investment Trusts	Scottish Investment Trust
	Tronoh Mines	Tins	Tronoh Mines Malaysia Bhd.

Table A (cont.)

<i>Date of Removal</i>	<i>Constituent Removed</i>	<i>Index Classification</i>	<i>Control acquired by, or reason for removal</i>
11 November	Mather & Platt	Engineering (General)	Wormald International
16 November	Hall Thermotank	Miscellaneous Capital Goods	A.P.V. Holdings
18 November	Teachers (Distillers)	Wines & Spirits	Allied Breweries
6 December	Central Wagon	Miscellaneous Capital Goods	Booker McConnell
17 December	Gross Cash Registers	Office Equipment	Chubb & Son
	London City & Westcliff Properties	Property	Lonrho
31 December	Sheaf Steam Shipping	Shipping	Ben Line Steamers
	Anglo American Corporation of South Africa	Mining Finance	Registered in South Africa
	Anglo Transvaal Consolidated Investment	Mining Finance	Registered in South Africa
	The Assam Frontier Tea	Teas	Negotiating an offer from India
	Assam Investments	Teas	---
	Bertam Consolidated Rubber	Rubbers	---
	The Chersonese (FMS) Estates	Rubbers	---
	General Mining & Finance Corpn	Mining Finance	Registered in South Africa
	Golden Hope Plantations	Rubbers	Merger & transfer to Malaysia proposed
	Gopeng Consolidated	Tins	---
	Head, Wrightson	Engineering (Heavy)	Davy International
	Johannesburg Consolidated Investment	Mining Finance	Registered in South Africa
	Jokai Tea Holdings	Teas	---
	London Asiatic Rubber & Produce	Rubbers	Merger & transfer to Malaysia proposed
	London Sumatra Plantations	Rubbers	---
	Longbourne Holdings	Teas	---
	M.I.M. Holdings	Mining Finance	Registered in Australia
	McLeod Russel	Teas	---
	Malayan Tin Dredging	Tins	Transfer to Malaysia proposed
	The Messina (Transvaal) Development	Coppers	Registered in South Africa
	The Muar River Rubber	Rubbers	---
	The Pataling Rubber Estates	Rubbers	Merger & transfer to Malaysia proposed
	Rand Selection Corpn	Mining Finance	Registered in South Africa
	Roan Consolidated Mines	Coppers	Registered in Zambia
	Ruo Estates Holdings	Teas	---
	Saint Piran	Tins	---
	Southern Kinta Consolidated	Tins	Transfer to Malaysia proposed
	Southern Malayan Tin Dredging	Tins	Transfer to Malaysia proposed
	Union Corporation	Mining Finance	Registered in South Africa
	Warren Plantation Holdings	Teas	---
	Williamson Tea Holdings	Teas	---
	S W Wood Group	Miscellaneous Capital Goods	See Note 2
	Zambia Copper Investments	Coppers	Registered in Bermuda

Note 1: Of the three tea constituents removed during the year, only two were replaced, on 8 March and 10 August respectively (see Table B).

Note 2: Eight constituents failed for the third successive six monthly check to achieve a capitalization of .006% of the total for all constituents of the All Share index.

Note 3: None of the three tin constituents removed during the year was replaced.

**Table B—New Constituents replacing those removed in Table A**

<i>Date of Introduction</i>	<i>New Constituent</i>	<i>Index Classification</i>
9 January	Clive Discount Holdings	Discount Houses
21 January	Kleeman Industrial Holdings	Engineering (General)
10 February	Christie-Tyler	Household Goods
8 March	McLeod Russel	Teas
10 March	Smith Bros	Miscellaneous Financial
31 March	Alginatc Industries	Chemicals
	Bradford Property Trust	Property
	Carless Capel & Leonard	Chemicals
	Carrington Viyella	Textiles
	H.A.T. Group	Contracting & Construction
	Hestair	Miscellaneous Unclassified
	Ibstock Johnsen	Building Materials
	Siebe Gorman Holdings	Miscellaneous Unclassified
6 April	Morgan-Grampian	Newspapers, Publishing
9 April	Linfood Holdings	Food Retailing
13 May	Intereuropean Property Holdings	Property
6 July	A. & J. Mucklow Group	Property
26 July	B.A.T. Industries	Tobacco
10 August	Warren Plantations Holdings	Teas
17 August	Molins	Engineering (General)
6 September	Thomas Borthwick & Sons	Food Manufacturing
17 September	Hambro Life Assurance	Insurance (Life)
28 September	J E Sanger	Food Manufacturing
15 October	William Baird	Textiles
1 November	Drayton Premier Investment Trust	Investment Trusts
11 November	Rotork	Engineering (General)
16 November	Crown House	Engineering (General)
18 November	Black & Edgington	Entertainment & Catering
6 December	Weyburn Engineering	Engineering (General)
17 December	A.A.H.	Miscellaneous Unclassified
	A.V.P. Industries	Miscellaneous Unclassified
	Willis Faber	Insurance Brokers
31 December	S Leboff (Fobel)	Building Materials
	Wm. Morrison Supermarkets	Food Retailing
	N.S.S. Newsagents	Stores
	United Scientific Holdings	Miscellaneous Capital Goods

Note: Carrington Viyella has been included in the Index, contrary to the usual rule excluding subsidiaries of other constituents, since Imperial Chemical Industries have expressed their intention to reduce their 64% holding to 35%, and they do not consolidate the holding in their own accounts.

**Table C—Reclassifications**

<i>Date</i>	<i>Constituent</i>	<i>Former Classification</i>	<i>New Classification</i>
8 March	Dixons Photographic	Entertainment & Catering	Stores
12 March	Granada Group	Entertainment & Catering	Light Electronics, Radio & T.V.
17 September	Dawnay Day Group	Merchant Banks, Issuing Houses	Miscellaneous Financial
31 December	Thomas Borthwick & Sons	Food Manufacturing	Overseas Traders
	Guthrie Corporation	Rubbers	Overseas Traders
	Plantation Holdings	Rubbers	Overseas Traders
	J E Sanger	Food Manufacturing	Overseas Traders

**Table D - Constituents which have changed their names**

<i>Former Name</i>	<i>New Name</i>
Acrow (Engineers)	Acrow
J. Brockhouse	Brockhouse
Charrington, Gardner, Locket	Charringtons Industrial Holdings
J. Coral Holdings	Coral Leisure Group
Maple Macowards	Maple (Holdings)
Spirella Group	Vantona Group
U.K. Optical & Industrial Holdings	UKO International
White Drummond	M & G Group (Holdings)