British Empire Securities

and General Trust p.l.c.

Company Number
28203

REPORT AND ACCOUNTS

30TH SEPTEMBER 1991

AN INVESTMENT TRUST COMPANY MANAGED BY CLAN ASSET MANAGEMENT LIMITED

Investment Objective

The Company's objective is to achieve capital growth through a portfolio of a small number of investments, particularly in companies whose share prices stand at a discount to underlying net asset value.

CONTENTS

A MEMBER OF THE ASSOCIATION OF INVESTMENT TRUST COMPANIES

BOARD MEMBERS

CHAIRMAN

WILLIAM GAWNE FOSSICK

William Fossick, aged 50, has been a Director for 23 years and Chairman since 1988. He is a partner in Watson, Farley & Williams, solicitors to the Company. He is also a director of Clan Asset Management Limited and of French Property Trust plc.

DIRECTORS

CLIVE MACE GILCHRIST

Clive Gilchrist, aged 41, has been a Director for 7 years. He is an executive director of Aberdeen Trust PLC, an international investment management group. He is the Chairman of the Investment Committee of the National Association of Pension Funds, and Vice Chairman of its Council. He is also a member of the Panel on Takeovers and Mergers.

DAVID OLIPHANT KINLOCH

David Kinloch, aged 49, joined the Board this year. He qualified as a Chartered Accountant and was for some years managing director of the Hong Kong based Wallem group. He is an executive director of Caledonia Investments PLC. He is also Chairman of Ralston Investment Trust PLC and a director of Vaux Group plc, Sterling Industries PLC and Harry Ramsden's plc.

ROBERT PETER LAURIE

Robert Laurie, aged 66, has been a Director for 38 years and was Chairman between 1973 and 1984. He was a member of the International Stock Exchange between 1953 and 1987. He has held many public appointments in his home county of Essex including that of High Sheriff in 1978/79 and Vice-Lord Lieutenant since 1985. He was Master of the Worshipful Company of Saddlers in 1981/82 and is a Member of the Court of Essex University.

IAIN GORDON TWEEDDALE

Iain Tweeddale, aged 45, has been a Director for 7 years. He is operations director of Laurentian Financial Group. He has 9 years previous experience in stockbroking and 6 years as an investment manager.

ROGER HENRY ASHLEY WAIN

Roger Wain, aged 53, has been a Director for 7 years. He is Chairman of Madison Trust Company Ltd, a corporate finance and investment house. Previously, he spent 26 years with Imperial Life of Canada and the Laurentian Holding Company and was, from 1981 onwards, Chief Executive of the Group's UK operations. He is Chairman of Ferromet Group plc and a non-executive director of Chesterfield Properties PLC and Centaur Communications Ltd.

JOHN CANNELL WALTON

John Walton, aged 45, has worked in investment management for 23 years and has been a Director of the Company for 7 years. He is managing director of Clan Asset Management Limited, the Company's investment manager, and is also a director of French Property Trust plc.

HISTORY

1889	Company founded as The Transvaal Mortgage Loan & Finance Company Ltd.
1906	Name changed to British Empire Land Mortgage and Loan Company Ltd.
1966	British Empire Securities and General Trust, as the Company is now known, opts for Investment Trust status. Net assets £1 million.
1984	Open offer and change of management to Laurwood (renamed Clan Asset Management in 1991). Net assets £6 million.
1985	Rights Issue of 4 shares for 1. Net assets increased to £30 million.
1986	Acquisition of The Ashdown Investment Trust PLC involving the issue of £11.9 million of 10⅜ % Debenture Stock 2011. Net assets increased to £54 million.
1989	£103 million offer for Schroder Global Trust plc leading to its unitisation.
1991	Net assets £86 million. Total assets less current liabilities reach new record of £98 million.

HIGHLIGHTS OF THE YEAR

* Net asset value up 23% to a record 64½p per Share
* Earnings per Share up 25%
* Dividend per Share up 10.3%
* Portfolio Highlights:

  Law Debenture - Shares up 50%

  AES Corporation - initial public offering trebles previous year's value

  Govett Strategic - announcement of proposals for change

COMPANY INFORMATION

Investment Manager	Clan Asset Management Limited Cayzer House 1 Thomas More Street London E1 9AR
Secretary	Sinclair Henderson Limited
Registered Office	23 Cathedral Yard Exeter Devon EX1 1HB
Corporate Advisers	Baring Brothers & Co Limited 8 Bishopsgate London EC2N 4AE
Bankers	Lloyds Bank Plc City Office 72 Lombard Street London EC3P 3BT
Stockbrokers	Barclays de Zoete Wedd Ebbgate House 2 Swan Lane London EC4R 3TS Marshall & Co (Brokers) Ltd Norfolk House 13 Southampton Place London WC1A 2AJ
Auditors	Touche Ross & Co Chartered Accountants Queen Anne House 69 - 71 Queen Square Bristol BS1 4JP
Registrars and Transfer Office	Stentiford Close Registrars Broseley House Newlands Drive Witham Essex CM8 2UL
Solicitors	Watson, Farley & Williams 15 Appold Street London EC2A 2HB

CHAIRMAN'S STATEMENT

In my statement of last year I reviewed a period when deteriorating Western economies had been reflected in the markets in which your Company invests, resulting in a fall in market indices and, to a lesser extent, in your Company's asset value. Although some national economies including our own, continue to have difficulties, stock markets, both here and abroad, have reached new highs showing a confidence which some of us believe should be treated with caution.

However these stock market gains have been somewhat misleading in that they have mainly been driven by the leading stocks with an indifferent performance by the medium sized and smaller companies. Sentiment too has been against asset based stocks, such as property companies, where the spectre of forced sales of assets on the insistence of lenders has depressed values.

Your Company's portfolio reflects our strategy of investing in undervalued assets and accordingly our performance has not fully reflected the performance of market leaders. However your Company has outperformed its benchmark Index by 0.7 per cent. showing an increase over the period of 22.9 per cent.. Shareholders will be pleased to see that the Company's net assets have more than recovered the ground lost last year and have reached a new record level of nearly £86 million representing a compound annual growth rate of 14.1 per cent. per Share since September 1985. The Board is also recommending payment of a final dividend of 0.61p per Share making a total for the year of 0.86p which represents an increase over last year of 10.3 per cent.. Although our primary objective, set in 1985, is to achieve growth for our Shareholders through capital appreciation, the increase in dividend means that Shareholders' income has increased at a compound annual rate of 9.5 per cent. per Share since September 1985.

For the last two years we have invited Shareholders attending the Annual General Meeting to a buffet lunch. Since Shareholders seem to appreciate the opportunity to meet the Directors and representatives of the Investment Manager informally, the Board invites you again to a buffet lunch after this year's Annual General Meeting. If you wish to attend, please complete the card enclosed with these Accounts and return it to the Company Secretary as soon as possible.

Your Board remains confident that our policy of investing in undervalued assets will prove effective in providing a superior performance in the future. However the difficulties which have been experienced in asset based stocks over the past year have emphasized the need to seek out quality investments and our selection of securities in the coming year will reflect this. I look forward to being able to report to you on further progress next year.

William Fossick
Chairman

15th November 1991

INVESTMENT MANAGER'S REPORT

Following the major decline in world stock markets in 1989-1990, the past year has been characterised by an impressive recovery in equity values. Our benchmark index, the Datastream Index of Investment Trust Assets, rose by 22.2 per cent. in the 12 months to 30th September 1991 while the Company's net asset value rose by 22.9 per cent.. Since the major Rights Issue in 1985 the net asset value has increased by 126 per cent. while the Datastream Index rose by 78 per cent. over the same period.

Our prediction last year that the falls in global asset prices had discounted most uncertainties proved accurate. Unfortunately, we were a little too slow to act upon it. The liquidity which had served well during the previous year was reduced, but not eliminated, while the portfolio, with its emphasis on defensive asset situations, proved out of kilter in the circumstances of a dramatic rally in leader stocks. Markets failed to make much further headway in the second half and the 8.7 per cent. gain in asset value in that period made up the shortfall in relative performance in the first half.

Many of the problems commented upon last year remain. In particular the high level of indebtedness of companies and consumers may contribute to a deflationary psychology and thus undermine the consensus expectation of a 'normal' economic recovery. Although the IMF has recently predicted growth of 2.8 per cent. for the OECD countries in 1992, some indicators ominously point to a pattern of less healthy growth. However the very encouraging feature of the world economy is the fall in inflation and, after a period of prolonged expectation, bond yields have taken their cue, although real interest rates remain unusually high.

The most significant event of the year was the collapse of the Communist regime in the former Soviet Union, soon after the momentous events in other Warsaw Pact countries. Such developments present the prospect of arms cuts and export opportunities but also an obligation upon the West to open up markets, and to put in place other initiatives which will contribute to the solution of the daunting problems involved in moving away from a hyper-inflationary command economy.

The UK economy continues to suffer from recession, and while the worst of the output decline is undoubtedly over, it seems that the 'ERM' straitjacket may exert a restraining influence on output levels for some time, rather like the experience of France in the early 1980's. Although productivity levels have improved sharply, manufacturing performance does not look sufficiently convincing to underwrite a pattern of export-led growth. Indeed the trade accounts look unimpressive given a background of recession Government finances have deteriorated with important consequences for gilt-edged funding, while consumers are likely to be cautious in the context of falling house prices and rising unemployment.

British Empire's specialisation in 'undervalued assets' has not helped performance in a year when yet again 'leader stocks' have given best results. The trend to globalisation, liquidity and 'visibility' has benefited big company shares to the detriment of the type of security that meets our undervalued assets criterion. In addition, the contraction of global bank advances following a number of well publicised lending shocks is resulting in a squeeze on asset prices and, therefore, asset-backing is not a theme in stockmarket favour. Thus the performance of companies in the portfolio has exhibited significant diversity, and this applies to investment trust holdings as well as other asset situations. The background does, however, give the prospect of greater opportunities as anomalies and exceptional value tend to follow from earlier neglect.

One of our long standing holdings, Law Debenture, bears out the thesis that value can take some time to be recognised but that, when it is, the gain can be exceptional. Our 7.3 per cent. holding in the company, which gained considerable prominence in its appointment as independent trustee in respect of Harrods Bank and ICI Pension Fund, benefited from an increase in share price of 50 per cent.. AES Corporation (previously Applied Energy), the subject of an initial public offering in June, is now capitalised at over $1 billion. The company places environmental concern high on the list of its 'shared values', and has recently embarked on a programme to plant 52 million trees in Guatemala to offset any 'greenhouse' effects from

INVESTMENT MANAGER'S REPORT *continued*

its power stations. Two of our other holdings have benefited from environmental concerns: California Energy has gained increasing investor support since Kiewit Energy took a major stake in this geothermal company; and Fuel Tech in association with Nalco Chemical has positioned itself to develop as one of the world's leading anti-pollution companies, specialising in combating nitrous oxide emissions.

Among the other successes of the year, Latin American Investment Trust, has prospered from the revival of markets which the managers of the trust identified as exceptionally cheap. Another company, with a broader brief, Templeton Emerging Markets, has benefited from the energy and experience of its manager, Dr Mark Mobius, in this specialist area. Other holdings, where we believe quality assets are underrated by the markets and have the potential for gains when conditions are more supportive of asset themes, are RIT Capital Partners, Caledonia Investments, Rue Imperiale de Lyon and Taittinger.

Turning to the disappointments, French Property Trust has suffered from a widening of discounts to asset value (now estimated at over 50 per cent.) on the underlying holdings in the fund; other European asset situations have also moved to wider discounts. Ensign Trust made major write-downs in its unlisted portfolio. An unlisted property company, Lexington Securities, has been written off following a failure to agree terms for the sale of a West End property, which would have eliminated the company's debt. Subsequently the combination of high interest charges and falling property values has resulted in receivership, an especially frustrating event as almost all of the Company's quoted UK property holdings were sold prior to the crash in 1987. Govett Strategic, a poor performer last year and in the first half of this year, has recently moved ahead in price following an announcement of proposals by the Board of the company aimed at reducing the discount. This followed closely an initiative by British Empire and a group of institutional shareholders.

The outlook for the markets is finely poised. A substantial movement in prices, particularly in the USA and the UK, has already taken place supporting the view that an upswing in economic activity and profits is already discounted. Indeed if the recovery were to stall, the room for disappointment is considerable. However, inflation is generally well under control, and unless continuing recession induces the authorities to panic (in which case gold will be a vital component of portfolios) the outlook for long term interest rates is encouraging. Although profits growth and (with low cover) dividend growth may disappoint, equity valuations generally do not seem stretched. Indeed we believe many asset situations to be positively cheap.

Our objective remains unchanged: to buy assets on major discounts. Crucial, however, is that the assets appreciate and that discounts narrow. That we do not always succeed is illustrated by some examples above. Such experiences emphasise the need for quality which usually has to be paid for. However in today's markets there are quality companies available on high discounts, and we have been adding to these in recent months. They should provide stability and good gains when fashion changes. We have also invested in a number of overseas closed-end funds and investment companies on major discounts. This is an area of opportunity which we intend to develop in the months ahead. Our conventional asset situations now have good recovery potential and we have also added a number of Japanese asset stocks following the major fall in that market. Our liquidity, held in the form of short and medium dated gilts, provides excellent flexibility to take advantage selectively of the many opportunities available in world markets.

Clan Asset Management Limited — 15th November 1991

TOP 20 HOLDINGS

£'000	% of Assets	% of Class	
8,631	8.8	4.3	**Govett Strategic Investment Trust** This trust has recently announced proposals for a vote on wind-up in two years' time and changes in its management contract.
7,765	7.9	7.3	**Law Debenture Corporation** The company's trustee subsidiary and its investment portfolio have produced excellent results.
7,512	7.7	-	**Treasury 6.75% 1995-8** This medium dated stock is held to provide liquidity.
7,510	7.7	-	**Funding 6% 1993** This short dated gilt-edged security is also held to provide short term liquidity.
5,468	5.6	29.7	**Tor Investment Trust - Capital Shares** Changes in the management of this split level trust have been announced recently. The company has 10 years remaining to its final liquidation date.
5,172	5.3	1.2	**Scottish Investment Trust** A widely diversified trust split fairly evenly between UK and overseas assets.
4,733	4.8	1.5	**Caledonia Investments** This holding company's strong balance sheet gives flexibility for the future. The shares sell on a substantial discount to estimated asset value.
4,477	4.6	8.6	**City & Commercial Investment Trust - Capital Shares** The capital shares of a split level trust specialising in investment trust shares which will liquidate in 15 months' time.
3,779	3.9	0.6	**AES Corporation** This US company has continued to make excellent progress as an independent producer of electricity. One half of the original holding was sold in an initial public offering in June for £2.7m.
3,687	3.8	1.8	**RIT Capital Partners - Ordinary and Convertible Stock** The company has a consistent record of adding value for shareholders. The shares sell on a discount of over 30%. In addition, there is potential value in the 7% holding in Newmont Mining which is valued on a 25% discount to market price.

REPORT OF THE DIRECTORS

Company's Business	The business of the Company is that of an Investment Trust. The Company has been treated as such by the Inland Revenue for the accounting period ended 30th September 1990. Since that date the Company's affairs have been conducted in such a manner as to enable it to continue to seek such approval. The Company also owns an investment dealing subsidiary.
Future Development	The future development of the Company will be as outlined in the Chairman's Statement.
Status of Company	The Directors consider that the Company is not a close company and that it fulfils the conditions laid down by the Income and Corporation Taxes Act 1988 for an approved investment trust.
Directors' Authority to Issue Shares	At the Annual General Meeting in December 1990, a resolution was passed giving the Directors a general authority to allot unissued shares of the Company having a nominal value not exceeding £4 million so as to expire on the date of the next Annual General Meeting and giving a limited power to the Directors to issue equity shares for cash, notwithstanding the pre-emption provisions of section 89 of the Companies Act 1985. This limited power enables the Directors to make cash issues other than to equity shareholders, provided such issues do not exceed in aggregate an amount equal to 5 per cent. of the authorised share capital of the Company, and it also contains provisions enabling the Directors to take action to overcome certain practical difficulties which could arise in the case of a rights issue. It is proposed that this authority be renewed and a special resolution for this purpose is set out in the Notice of Annual General Meeting on pages 27 and 28.
Results and Dividends	The Consolidated Revenue Account shows that the gross income for the year amounted to £3,937,523. After expenses, interest and taxation, there remains a balance which amounts to £1,397,440 which the Directors have appropriated as follows:-

	£
Interim Dividend of 0.25p (1990: 0.25p) on the Ordinary Shares paid on 12th June 1991	332,510
Recommended Final Dividend of 0.61p (1990: 0.53p) on the Ordinary Shares	811,324
Balance taken to revenue reserve	253,606
	£1,397,440

Subject to approval at the Annual General Meeting, the final dividend will be paid on 2nd January 1992 to Shareholders on the register at the close of business on 5th December 1991.

REPORT OF THE DIRECTORS *continued*

Investment Manager

Clan Asset Management Limited acts as Investment Manager under the terms of an agreement dated 21st June 1991. Its remuneration is performance related and is measured by the increase or decrease in the net asset value per Ordinary Share of the Company compared with the increase or decrease in the net asset index of investment trusts as published by Datastream International Limited. The resultant figure of such calculation determines the percentage rate (which ranges from 0.4 per cent. to 0.8 per cent.) which is applied to the value of net assets of the Group attributable to the Shareholders plus long term loan capital as shown by the audited consolidated balance sheet of the Company as at the accounting reference date immediately preceding the period of management, but excluding the value of the Company's investment in Clan Asset Management Limited and in funds managed by that company.

The agreement will continue in force unless terminated by either party giving not less than 24 months written notice of termination to the other party.

Clan Asset Management Limited is owned 75 per cent. by Caledonia Investments PLC and 25 per cent. by British Empire Securities & General Trust p.l.c.. The company was founded in 1985 to manage British Empire, then a £6 million Investment Trust. Today, the company manages in addition to your company, French Property Trust plc and a number of other funds totalling £145 million. Clan specialises in 'undervalued assets'. The aim is to find:

* Companies owning quality assets, with strong balance sheets, whose securities sell on a discount to well-researched estimates of asset value.

Attention to these key criteria often:

* Helps to prevent overpayment where, for example, a share price is influenced by over-optimistic expectations of future earnings.
* Reduces risks, since a heavy discrepancy between market value and asset value usually protects the investment.
* Gives good potential for substantial capital gain, as internal or external action reduces the discount to asset values.

Directors

The present members of the Board are listed on page 2.
The Directors retiring by rotation are Mr R P Laurie and Mr J C Walton who, being eligible, offer themselves for re-election.
Mr D O Kinloch, who was appointed as an additional Director during the year, retires and being eligible offers himself for re-election.
Mr D H Caspary resigned from the board on 25th July 1991.
The interests of the Directors and their families in the Ordinary Shares of the Company are set out below:-

	Held Beneficially		Held As Trustee	
	30th Sept 1991	30th Sept 1990	30th Sept 1991	30th Sept 1990
W G Fossick	100,000	100,000	50,000	50,000
C M Gilchrist	20,000	20,000	-	-
R P Laurie	150,000	150,000	-	-
I G Tweeddale	5,000	5,000	-	-
R H A Wain	5,000	5,000	-	-
J C Walton	135,000	75,000	-	60,000

REPORT OF THE DIRECTORS continued

Mr D O Kinloch had no interest in the Company's Share capital at the date of his appointment or at the Company's year end.

No changes in the interests shown overleaf occurred between 30th September 1991 and 15th November 1991.

Mr J C Walton is managing director of Clan Asset Management Limited with a service contract which requires either party to give to the other not less than two years' prior written notice of termination. Mr W G Fossick and Mr D O Kinloch are also directors of Clan Asset Management Limited. Mr C M Gilchrist was a director of that company and resigned subsequent to the year end. Mr W G Fossick is a partner in Watson, Farley & Williams who act as the Company's solicitors. The firm was paid fees of £4,817 during the year.

There is an agreement with Lansdowne Management Services Limited under which it has agreed to provide the services of Mr R H A Wain as a Director of the Company. Fees in respect of these services have been accounted for under Directors' emoluments.

Save as aforesaid, no Director was a party to or had an interest in any contract or arrangement with the Company at any time during the year.

Substantial Holdings in the Company

At 15th November 1991 the Company had been notified that the following were interested in 3 per cent. or more of the issued share capital of the Company.

	%
Caledonia Investments PLC	15.00
Equitable Life Assurance Society	12.86
Sun Life Corporation PLC	11.15
Laurentian Financial Group plc	9.98
Scottish and English Investors*	8.50
Howard Hughes Medical Institute	4.44
British Gas Pension Funds Management Ltd	3.68

* A Limited Partnership registered in the U.S.A.

Auditors

Touche Ross & Co have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Secretary

Sinclair Henderson Limited is the Secretary of the Company under an administration service contract with Clan Asset Management Limited.

By Order of the Board
Sinclair Henderson Limited
Secretary

FOR AND ON BEHALF OF
SINCLAIR HENDERSON LIMITED

15th November 1991

23 Cathedral Yard
Exeter
EX1 1HB

REPORT OF THE AUDITORS

To the Members of British Empire Securities and General Trust p.l.c.

We have audited the financial statements on pages 15 to 25 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30th September 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

Touche Ross & Co
Chartered Accountants and
Registered Auditor

Queen Anne House
69-71 Queen Square
Bristol BS1 4JP
15th November 1991

CONSOLIDATED REVENUE ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1991

	Notes	£	1991 £	1990 £
Income from fixed asset investments	(2)			
Dividends (franked investment income)			1,727,884	1,286,927
Dividends (unfranked)			461,928	86,894
Interest (unfranked)			1,366,678	1,669,501
			3,556,490	3,043,322
Other interest receivable and similar income				
Investment dealing gains/(losses) of subsidiary			68,782	(199,076)
Deposit interest			281,246	961,150
Other income			31,005	29,820
Gross income			3,937,523	3,835,216
Administrative expenses	(3)		766,281	1,014,712
			3,171,242	2,820,504
Interest payable	(4)		1,300,845	1,294,128
Net profit before taxation			1,870,397	1,526,376
Tax on net profit from ordinary activities	(5)		472,957	414,140
Net profit after taxation	(6)		1,397,440	1,112,236
Ordinary dividends paid and proposed				
Interim of 0.25p per 10p Ordinary Share (1990 - 0.25p) paid		332,510		332,510
Final of 0.61p per 10p Ordinary Share (1990 - 0.53p) proposed		811,324		704,921
			1,143,834	1,037,431
Unappropriated surplus for the year transferred to reserves	(15)		£253,606	£74,805
Earnings per Ordinary Share	(7)		1.05p	0.84p

CONSOLIDATED BALANCE SHEET

AT 30TH SEPTEMBER 1991

	Notes	£	1991 £	1990 £
Fixed assets				
Investments:	(8)			
Listed at market value:-				
In Great Britain			74,309,635	64,300 576
Elsewhere			17,657,996	11,839,288
Unlisted:-				
At Directors' valuation			4,192,603	6,684,460
			96,160,234	82,824,324
Current assets				
Investments held by dealing subsidiary		305,906		655,450
Debtors	(10)	3,032,927		1,642,522
Cash on deposit		1,781,000		300,000
Cash at bank		46,930		470,794
		5,166,763		3,068,766
Creditors: amounts falling due within one year	(11a)	3,608,223		4,110,477
Net current assets/(liabilities)			1,558,540	(1,041,711)
Total assets less current liabilities			97,718,774	81,782,613
Creditors: amounts falling due after more than one year	(11b)		11,883,322	11,883,322
Provisions for liabilities and charges	(12)		885	27,858
			£85,834,567	£69,871,433
Capital and reserves				
Called up share capital	(13)		13,300,391	13,300,391
Share premium			22,628,859	22,628,859
Unrealised appreciation/ (depreciation) of investments	(14)	3,677,497		(9,856,896)
General capital reserves	(14)	44,558,593		42,383,458
			48,236,090	32,526,562
Revenue reserve	(15)		1,669,227	1,415,621
			£85,834,567	£69,871,433
Net asset value per Ordinary Share			64.54p	52.53p

These financial statements were approved by the Board of Directors on 15th November 1991.

Signed on behalf of the Board of Directors

W G FOSSICK *William Fossick*

J C WALTON *J C Walton*

Directors

BALANCE SHEET
AT 30TH SEPTEMBER 1991

	Notes	£	1991 £	1990 £
Fixed assets				
Investments:	(8)			
Listed at market value:-				
In Great Britain			74,309,635	64,300,576
Elsewhere			17,657,996	11,839,288
Unlisted:-				
At Directors' valuation			4,192,603	6,684,460
			96,160,234	82,824,324
Subsidiary companies	(9)		426,172	426,172
			96,586,406	83,250,496
Current assets				
Debtors	(10)	3,572,382		2,474,035
Cash on deposit		1,316,000		-
Cash at bank		30,458		466,340
		4,918,840		2,940,375
Creditors : amounts falling due within one year	(11a)	3,684,294		4,202,619
Net current assets/(liabilities)			1,234,546	(1,262,244)
Total assets less current liabilities			97,820,952	81,988,252
Creditors: amounts falling due after more than one year	(11b)		11,883,322	11,883,322
Provisions for liabilities and charges	(12)		-	27,858
			£85,937,630	£70,077,072
Capital and reserves				
Called up share capital	(13)		13,300,391	13,300,391
Share premium			22,628,859	22,628,859
Unrealised appreciation/(depreciation) of investments	(14)	3,677,497		(9,856,896)
General capital reserves	(14)	44,234,764		42,059,629
			47,912,261	32,202,733
Revenue reserve	(15)		2,096,119	1,945,089
			£85,937,630	£70,077,072

These financial statements were approved by the Board of Directors on 15th November 1991.

Signed on behalf of the Board of Directors

W G FOSSICK William Fossick

J C WALTON J C Walton

Directors

NOTES TO THE ACCOUNTS

1. Accounting policies

The financial statements have been prepared in accordance with statements of standard accounting practice issued by United Kingdom accountancy bodies. The particular accounting policies adopted are described below.

(a)Accounting convention
The financial statements are prepared under the historical cost convention as modified by the revaluation of investments.

(b)The basis of consolidation
The Group financial statements consolidate the financial statements of the Company and Best Securities Limited for the financial year ended 30th September 1991.

(c)Investment income
Franked investment income is recognised in the revenue account when declared ex.dividend (the "ex.dividend basis"). Other income from investments is taken to account in the same way except in the case of overseas and unlisted dividends which are dealt with on a received basis.

(d)Investments
UK listed investments have been valued at middle market quotations ruling at the close of business on 30th September 1991 and foreign listed investments have been valued at market prices and exchange rates at the same date. Unlisted investments have been included at Directors' valuation. Any profits or losses arising from the disposal of investments are taken directly to capital reserves. Investments held by a dealing subsidiary are stated at the lower of cost and market value.

(e)Deferred taxation
Deferred tax is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. Income from fixed asset investments

	1991	1990
	£	£
Listed investments	3,253,935	2,908,891
Unlisted investments	302,555	134,431
	£3,556,490	£3,043,322

3. Administrative expenses

	1991	1990
These include:	£	£
Auditors' remuneration	18,423	18,216
Directors' emoluments	45,398	42,750
Directors' emoluments above include:		
Chairman	7,500	7,500
Highest Paid Director	7,750	7,750
Other Directors	Number	Number
£0 - £5,000	5	4
£5,001 - £10,000	1	1

NOTES TO THE ACCOUNTS *continued*

During the year the Company paid to Clan Asset Management Limited (a subsidiary of Caledonia Investments PLC which has an interest of 15% in the called up share capital of the Company) management charges amounting in aggregate to £540,482 (1990 - £737,146).

4. Interest payable

	1991 £	1990 £
On bank loans, overdrafts, and other loans repayable within 5 years	67,951	61,234
On other loans	1,232,894	1,232,894
	£1,300,845	£1,294,128

5. Tax on net profit from ordinary activities

	1991 £	1990 £
UK Corporation tax at 33½% (1990 - 35%)	94,940	(160)
Tax credits on franked investment income	431,970	321,732
Tax on accrued interest purchased	-	105,323
Overseas tax	40,946	30,763
Prior year adjustments	(8,298)	(69,237)
Loss relief on surplus franked investment income	-	(2,140)
Double tax relief	(33,776)	-
Deferred tax	(52,825)	27,859
	£472,957	£414,140

The Advance Corporation Tax on the dividends paid and payable for the current year has been offset against the tax suffered on the franked investment income. Franked investment income still available for offset against Advance Corporation Tax on future dividends is £842,162 gross (1990 - £714,489).

6. Profit of the Company

As permitted by section 228(7) of the Companies Act 1985, the revenue account of the Company is not presented as part of these accounts. The consolidated net profit after taxation for the financial year includes £1,294,864 (1990 - £1,268,448) which is dealt with in the accounts of the Company.

7. Earnings per Ordinary Share

The calculation of earnings per Ordinary Share is based on the number of Ordinary Shares in issue during the year of 133,003,910 (1990 - 133,003,910) and on Group net profit after taxation of £1,3[illegible]7,440 (1990 - £1,112,236).

No dilution in earnings per Share would have occurred if the warrants to subscribe for new Ordinary Shares had been exercised during the year.

NOTES TO THE ACCOUNTS continued

8. Investments

(a) Movements

	1991	1990
Group and Company	£	£
Valuation as at 30th September 1990	82,824,324	75,928,125
Additions at cost	64,846,458	76,079,637
Disposals at cost	(65,044,941)	(49,031,456)
	82,625,841	102,976,306
Unrealised appreciation/ (depreciation) transferred to capital reserves	13,534,393	(20,151,982)
Valuation of investments as at 30th September 1991	£96,160,234	£82,824,324

(b) Holdings in excess of 10%

At 30th September 1991 the Company held interests in excess of 10% of a class of share capital in the following companies all of which are incorporated in Great Britain:

	%	Class of share
Tor Investment Trust Plc*	29.7	Capital
Clan Asset Management Limited**	25.0	Ordinary
French Property Trust plc***	20.0	Ordinary
Scottish & Mercantile Investment Trust PLC	15.3	'A' Ordinary
European Project Investment Trust PLC	14.4	Ordinary
Scottish Investment Trust PLC	15.9	'A' Preference

*The holding in Tor Investment Trust Plc has not been acounted for under the equity method of accounting as the holding represents only 11.8% of voting rights.

**The other 75% interest in Clan Asset Management Limited is held by Caledonia Investments PLC. For this reason this investment has not been accounted for under the equity method of accounting.

***The holding in French Property Trust plc has not been accounted for under the equity method of accounting. Adoption of this method would have no significant effect on the revenue account nor would it affect the value at which the investment is carried in the balance sheet as, in the opinion of the directors, the value of the investment under the equity method of accounting would need to be written down to its market value.

NOTES TO THE ACCOUNTS *continued*

9. Subsidiary companies

Company	1991	1990
Shares in group companies	£426,172	£426,172

Additional information on subsidiaries:

Name of company	Country of registration	Class of capital	Percentage held	Description of activity
BEST Securities Limited	England	Ordinary	100%	Dealing company
BEST Futures Limited	England	Ordinary	100%	Dormant
Actionmark Limited	England	Ordinary	100%	Dormant

10. Debtors

	1991 £	1990 £
Group		
Sales for future settlement	2,227,840	463,055
Investment income receivable	507,623	443,686
Other debtors	82,157	3,442
Taxation recoverable	215,307	732,339
	£3,032,927	£1,642,522
Company		
Sales for future settlement	2,163,138	463,055
Investment income receivable	507,623	443,686
Amounts owed by Group companies	607,695	837,775
Other debtors	78,619	20
Taxation recoverable	215,307	729,499
	£3,572,382	£2,474,035

NOTES TO THE ACCOUNTS *continued*

11. Creditors

(a) Amounts falling due within one year:

	1991	1990
Group	£	£
Purchases for future settlement	2,271,045	2,850,105
Dividend payable	811,324	704,921
Other creditors	518,396	555,451
Taxation payable	7,458	-
	£3,608,223	£4,110,477
Company		
Purchases for future settlement	2,185,714	2,775,838
Dividend payable	811,324	704,921
Amounts owed to Group companies	173,819	173,819
Other creditors	513,437	548,041
	£3,684,294	£4,202,619

(b) Amounts falling due after more than one year:

Group and Company		
10⅜ % Debenture Stock 2011	£11,883,322	£11,883,322

The Debenture Stock is secured by way of a floating charge over the assets of the Company.

12. Provisions for liabilities and charges

The amounts of deferred taxation provided in the accounts are set out below. (There were no unprovided amounts)

	Provided	
	1991	1990
Group	£	£
Short term timing differences	885	34,109
Accumulated tax losses	-	(6,251)
	£ 885	£ 27,858
Company		
Short term timing differences	-	£ 27,858

13. Called up share capital

	1991	1990
Authorised	£	£
185,000,000 Ordinary Shares of 10p each	£18,500,000	£18,500,000
Allotted and Fully Paid		
133,003,910 Ordinary Shares of 10p each	£13,300,391	£13,300,391

NOTES TO THE ACCOUNTS *continued*

Those holders of Ordinary Shares of 10p each of the Company on the register at the close of business on 8th December 1989 were allotted warrants to subscribe for new Ordinary Shares of 10p each of the Company at a price of 60p per share in January of any of the years 1991 to 1996 (both inclusive) in the proportion of one warrant for every 10 Ordinary Shares then held. A maximum of 13,300,391 shares may be issued.

14. Capital reserves

	1991 £	1990 £
Group		
Unrealised appreciation of investments		
Balance as at 30th September 1990	(9,856,896)	10,238,222
Unrealised appreciation/(depreciation) of investments during the year	13,534,393	(20,200,441)
Tax on interest purchased and accrued	-	105,323
Balance as at 30th September 1991	3,677,497	(9,856,896)
General capital reserve		
Balance as at 30th September 1990	42,383,458	34,807,180
Net profit on realisation of investments	2,175,135	7,576,278
	44,558,593	42,383,458
Balance as at 30th September 1991	£48,236,090	£32,526,562
Company		
Unrealised appreciation of investments		
Balance as at 30th September 1990	(9,856,896)	10,189,763
Unrealised appreciation/(depreciation) of investments during the year	13,534,393	(20,151,982)
Tax on interest purchased and accrued	-	105,323
Balance as at 30th September 1991	3,677,497	(9,856,896)
General capital reserve		
Balance as at 30th September 1990	42,059,629	34,475,313
Net profit on realisation of investments	2,175,135	7,584,316
	44,234,764	42,059,629
Balance as at 30th September 1991	£47,912,261	£32,202,733

15. Revenue reserve

	Group £	Company £
Balance as at 30th September 1990	1,415,621	1,945,089
Unappropriated surplus for the year	253,606	151,030
Balance as at 30th September 1991	£1,669,227	£2,096,119

NOTES TO THE ACCOUNTS *continued*

16. Contingent liabilities	At 30th September 1991 there were outstanding commitments in respect of investments carrying an obligation for future subscriptions amounting to £20,000 (1990 - NIL).

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 1991

		1991	1990
	£'000	£'000	£'000
Source of funds			
Derived from revenue			
Net profit before taxation		1,870	1,526
Derived from capital			
Sale of investments		67,220	56,560
Taxation recovered less suffered		23	-
		69,113	58,086
Application of funds			
Purchase of investments	64,846		76,080
Dividends paid	1,037		944
Taxation suffered less recovered	-		133
Repayment of 8½% Unsecured Loan Notes	-		183
		65,883	77,340
		£3,230	£(19,254)

	1991	1990
Represented by:-		
(Decrease)/increase in dealing investments	(350)	382
Increase/(decrease) in debtors and sales for future settlement	1,907	(868)
Decrease/(increase) in creditors and purchases for future settlement	616	(2,317)
Decrease in overdraft	-	80
Increase/(decrease) in balances with bankers	1,057	(16,531)
	£3,230	£(19,254)

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	£3,230	£(19,254)

STATISTICAL INFORMATION

Classification of fixed asset investments (based on market value)		1991 %	1990 %
	Investment trusts	51.42	38.68
	Fixed interest	21.06	30.81
	Other	11.97	6.49
	Other financial	8.11	12.31
	Unquoted	4.36	8.07
	Property	3.08	3.64
		100.00	100.00

	1991 % Underlying* Basis	1991 % Actual Basis	1990 % Underlying* Basis	1990 % Actual Basis
United Kingdom	61.27	79.43	66.52	80.49
United States of America	14.35	8.65	10.49	8.07
Europe	13.89	6.62	16.27	8.68
Elsewhere	10.49	5.30	6.72	2.76
	100.00	100.00	100.00	100.00

	1991 %	1990 %
Equities	78.93	69.19
Fixed interest	21.07	30.81
	100.00	100.00

Classification of income from fixed asset investments		1991 %	1990 %
	Equities	61.57	45.14
	Fixed interest	38.43	54.86
		100.00	100.00

Analysis of Shareholders		1991 Holders	1991 % of Capital	1990 Holders	1990 % of Capital
	Nominee companies	93	43.81	97	69.66
	Insurance companies	10	30.28	12	20.51
	Investment trusts	6	17.33	1	0.16
	Pension funds	2	0.57	1	0.38
	Other companies	76	2.07	73	3.63
	Individuals	1,695	5.94	1,800	5.66
		1,882	100.00	1,984	100.00

*Underlying basis reflects the estimated geographical distribution of the assets of UK investment trusts held by the Company

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the One Hundred and Second Annual General Meeting of British Empire Securities and General Trust p.l.c. will be held at Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BR at 12 noon on Friday, 13th December 1991 for the following purposes:

Ordinary Business

1. To receive and adopt the accounts for the financial year ended 30th September 1991 together with the reports of the Directors and Auditors thereon.

2. To declare a final dividend on the Ordinary Shares.

3. To re-elect Mr R P Laurie a Director retiring by rotation under the Articles of Association.

4. To re-elect Mr J C Walton a Director retiring by rotation under the Articles of Association.

5. To re-elect Mr D O Kinloch, a Director, who, having been appointed during the year as an additional Director, retires under the Articles of Association and offers himself for re-election.

6. To re-appoint Touche Ross & Co. as the Company's auditors and to authorise the Directors to fix their remuneration.

Special Business

7. That the Directors of the Company be and are hereby authorised and empowered during the period expiring on the date of the next Annual General Meeting of the Company to exercise all the powers of the Company to allot relevant securities as defined in Section 80 of the Companies Act 1985 ("the Act") and as if Section 89(1) of the Act did not apply but so that such authority and power shall be limited to:

   (a)the allotment of relevant securities having a nominal value not exceeding £4,000,000;

   (b)allotments in connection with a rights issue to shareholders of equity securities as defined in Section 94 of the Act made in the manner set out in Section 89(1) of the Act but subject to the Directors having the right:-

   (i)to sell, for the benefit of those shareholders who are citizens of or resident in any overseas territory where in the opinion of the Directors it would at the time of the offer be illegal (by relevant law) or unduly costly or burdensome for the Company to make or for those shareholders to accept an offer of equity securities of the Company, the equity securities to which they would otherwise be entitled;

   (ii)to aggregate and sell for the benefit of the Company all fractions of a share which may arise in apportioning the equity securities among the shareholders; and

NOTICE OF ANNUAL GENERAL MEETING *continued*

(c)other allotments of equity securities for cash limited in aggregate to the allotment of, or involving, equity share capital not exceeding in nominal value five per cent. of the nominal value of the present authorised share capital of the Company

provided that such authority and power shall permit the Directors to make at any time before the end of such period any offer or agreement which would or might require the allotment of relevant securities or equity securities after the end of such period.

By Order of the Board
Sinclair Henderson Limited
Secretary

FOR AND ON BEHALF OF
SINCLAIR HENDERSON LIMITED

Registered Office
23 Cathedral Yard
Exeter EX1 1HB

20th November 1991

NOTES:

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not also be a member of the Company.

2. A form of proxy is enclosed with this notice for use in connection with the business set out above. This form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, to reach the Registrars at the address printed on the form of proxy not later than 12 noon on 11th December 1991.

3. There will be available for inspection, at the registered office of the Company during normal business hours (Saturdays excepted) from the date of the notice until the date of the Annual General Meeting and at Saddlers' Hall for fifteen minutes prior to and during the Meeting, the register of Directors' interests in the Ordinary Shares of the Company.

4. There are no service contracts between any of the Directors and the Company or any of its subsidiaries.

FORM OF PROXY
FOR USE AT THE ONE HUNDRED AND SECOND ANNUAL GENERAL MEETING

I/We (Block Capitals please)..

....

a member/members of the above-named Company, hereby appoint the Chairman of the Meeting

....

as my/our proxy to vote for me/us on my/our behalf at the One Hundred and Second Annual General Meeting of the Company to be held at Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BR on Friday, 13th December 1991 at 12 noon, and at any adjournment thereof.

Signature..

Dated 1991

Please indicate with an X in the spaces below how you wish your votes to be cast.

		For	Against
RESOLUTION 1	To receive and adopt the accounts for the financial year ended 30th September 1991 together with the reports of the Directors and Auditors thereon.		
RESOLUTION 2	To declare a final dividend on the Ordinary Shares.		
RESOLUTION 3	To re-elect R P Laurie a Director.		
RESOLUTION 4	To re-elect J C Walton a Director.		
RESOLUTION 5	To re-elect D O Kinloch, a Director having been appointed during the year as an additional Director.		
RESOLUTION 6	To re-appoint Touche Ross & Co. as the Company's auditors and to authorise the Directors to fix their remuneration.		
RESOLUTION 7	To authorise Directors to allot securities.		

NOTES :

1. *A member may appoint a proxy of his own choice. If such an appointment is made, delete the words the 'Chairman of the Meeting' and insert the name of the person appointed proxy in the space provided.*

2. *If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.*

3. *In the case of joint holders, the signature of any one holder will be sufficient, but the name of all the joint holders should be stated.*

4. *If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.*

5. *To be valid, this form must be completed and deposited at the office of the Company's Registrars not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting.*

LETTER TO WARRANTHOLDERS

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

When considering what action to take you should consult immediately your Stockbroker, Bank Manager, Solicitor, Accountant or other independent adviser authorised under the Financial Services Act 1986. If you have sold all your Warrants, please send this document to the Stockbroker, Bank Manager, or other agent through whom the sale was effected for transmission to the purchaser.

BRITISH EMPIRE SECURITIES AND GENERAL TRUST p.l.c.
(Registered in England No. 28203)

Registered Office
23 Cathedral Yard
EXETER EX1 1HB

To the holders of Warrants to subscribe for
Ordinary Shares of the Company ("Warrants")

20th November 1991

Dear Warrantholder,

In accordance with the terms of issue of your Warrants you are hereby reminded that you have the right to exercise your subscription rights on 31st January, 1992 by subscribing for new Ordinary Shares of 10p each of the Company at a price of 60p per share on the basis of one Ordinary Share for every Warrant held.

You are also reminded that you will have further opportunities to exercise your subscription rights on 31st January in any year up to and including 31st January, 1996.

It may be helpful for you to know that the price of one Ordinary Share of the Company on 15th November 1991 (the latest practicable date prior to the printing and despatch of this letter) derived from the London Stock Exchange Daily Official List was 52.5p as compared to the subscription price per share under the Warrants of 60p. On the same date the price of a Warrant as derived from the London Stock Exchange Daily Official List was 10.5p.

Action to be taken

If you decide not to exercise your subscription rights at this time you need take no action and should disregard the remainder of this letter.

If you decide to exercise your subscription rights, you should complete the Notice of Exercise set out on the reverse of your Warrant Certificate and then lodge it, together with a remittance for the amount payable at the rate of 60p for each share subscribed at the office of the Registrars of the Company in accordance with and subject to the instructions and conditions set out on your Warrant Certificate. If your Warrant Certificate has been lost, destroyed or defaced, you should write immediately to the office of the Registrars of the Company.

If you are in any doubt as to the action to take you are advised to consult immediately your Stockbroker, Bank Manager, Solicitor, Accountant or other independent adviser authorised under the Financial Services Act 1986.

LETTER TO WARRANTHOLDERS continued

Other Information

Application will be made to the Council of the London Stock Exchange for the Ordinary Shares issued on subscription to be admitted to the Official List. The new Ordinary Shares will, upon issue, rank pari passu with the existing Ordinary Shares, but holders will not be entitled to any dividend or other distribution payable on the existing Ordinary Shares prior to the subscription date or in respect of any earlier accounting reference period. The new Ordinary Shares will be allotted and a certificate in respect of the new Ordinary Shares allotted to you, together with a certificate for any balance of Warrants in respect of which subscriptions rights remain exercisable, will be posted by the Company's Registrars in accordance with the instructions, and at the risk, of the persons entitled thereto not later than 28th February, 1992. Pending the issue of certificates the Registrars will certify instruments of transfer against the register.

On the basis of current legislation, the exercise of the subscription rights attached to the Warrants should not constitute a disposal for capital gains tax purposes, but the base cost (if any) of the Warrants in respect of which the subscriptions rights are exercised will be attributed to the Ordinary Shares subscribed for. You are advised to consult your tax adviser if you are in any doubt as to your tax position.

THIS NOTICE IS GIVEN IN ACCORDANCE WITH THE TERMS AND CONDITIONS UNDER WHICH THE WARRANTS ARE ISSUED AND SHOULD NOT BE REGARDED AS A RECOMMENDATION TO TAKE, OR NOT TO TAKE, ANY PARTICULAR ACTION.

A reminder will be sent to you each subsequent year in which your subscription rights remain exercisable.

Yours faithfully

FOR AND ON BEHALF OF.
SINCLAIR HENDERSON LIMITED
Company Secretary