Foreign & Colonial Investment Trust PLC

Report and Accounts 1994

Foreign & Colonial

"To secure for our shareholders long-term growth in net assets per share and regular increases in dividend which will beat the rate of inflation"

Objective of Foreign & Colonial Investment Trust PLC

Contents

Summary of Consolidated Results

Attributable to Ordinary Shareholders	31 Dec 1994	31 Dec 1993	% Change
Consolidated net assets	**£1,416m**	£1,556m	(9.0)
Consolidated net assets per share (Prior charges at nominal value)	**134.7p**	148.0p*	(9.0)
Consolidated net revenue	**£22.8m**	£24.7m	(8.0)
Consolidated earnings per share	**2.16p**	2.35p*	(8.0)
Dividends per share	**1.88p**	1.76p*	6.7
Share price	**135.5p**	146.8p*	(7.7)

* Comparatives have been adjusted to take into account the 1 for 1 capitalisation issue in April 1994

Financial Calendar

Chairman's Statement

CAPITAL PERFORMANCE

Almost all stockmarkets performed much less well in 1994 than in the previous three years and your Company was inevitably affected. Net asset value per share fell by 9% to 134.7p compared with falls in the FT-SE-Actuaries All-Share Index of 9.6%, the US Standard & Poor's Composite Index of 6.9%, the German FAZ Index of 1.9% and a rise in the Tokyo Topix Index of 14.6%. All these indices have been adjusted for currency movements where appropriate. The price of your shares on the stockmarket fell by 7.7%. In the course of 1994 the share price moved from a small discount to a small premium to net asset value per share.

At the beginning of 1994 most investors thought that bond and equity markets were discounting an eventual tightening of monetary policy by the Federal Reserve Board in Washington. But the first increase of ¼% in February had a major impact on sentiment. Bond markets around the world suffered severe falls and equity markets were not unscathed. In retrospect it is now clear that the previous steady decline in interest rates had encouraged excessive speculative activity. The bubble eventually had to burst and we suffered with everyone else. As usual, however, we took the opportunity to buy some attractive shares after prices had fallen and there was good long-term value to be found.

During 1994 we withdrew money from South East Asia when there was an element of euphoria in stockmarket ratings. We also reduced our holdings in US equities when prices seemed unduly high. On the other hand we increased our exposure to Japan, Continental Europe and the UK as we believed there to be better value in these markets.

As the year progressed we thought that the collapse in bond markets had gone too far and we began investing cautiously in UK Government bonds. We financed these purchases with borrowed yen because we judged that the yen would be weaker than the pound or the US dollar and that yen interest rates would remain very low. In the short term it was not profitable to increase our gearing in this way. More information about gearing is shown on page 24.

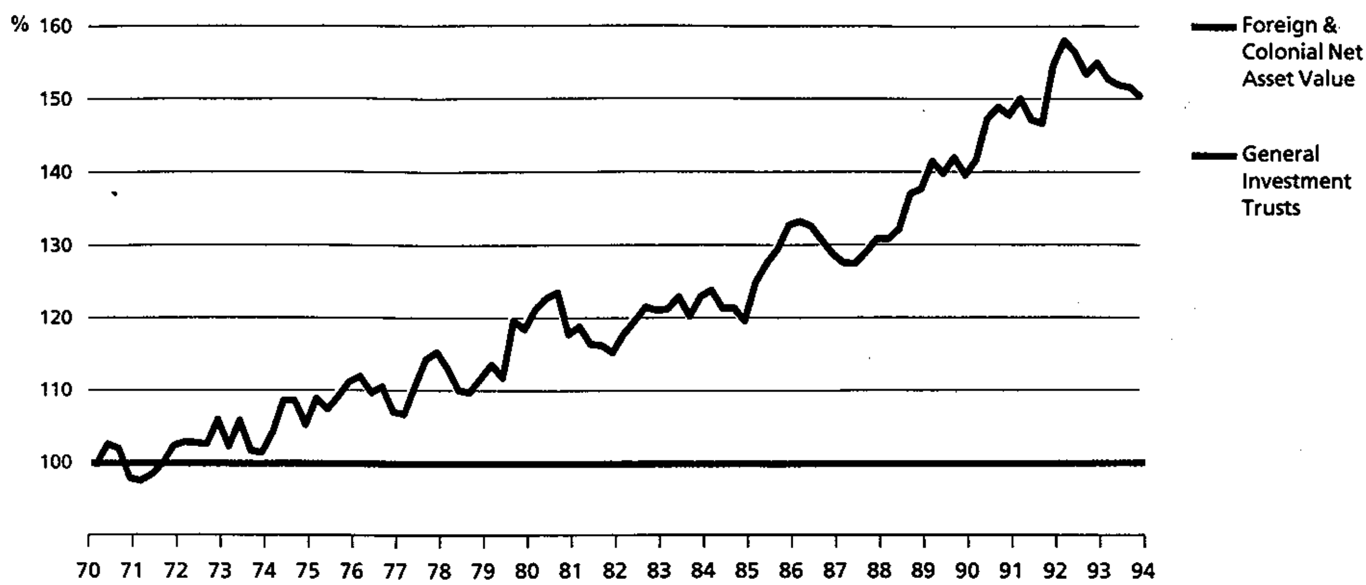
Although we had a modest setback in 1994, the chart on page 4 shows that we still have outperformed our main rivals by 50% since 1970. No other major investment trust can match this long-term record.

REVENUE ACCOUNT AND DIVIDEND

The decline in earnings was mainly due to a change in the timing of some UK dividends, a reduction in underwriting commission and an increased tax charge. A new development was the payment of foreign income dividends (FIDs) by UK companies with large overseas earnings. The 1993 Budget permitted companies to make these distributions and many have found it advantageous to do so. Passing on the FIDs received by the Company as a FID to shareholders enables us to pay a higher total dividend at no extra cost to your Company or disadvantage to any shareholders.

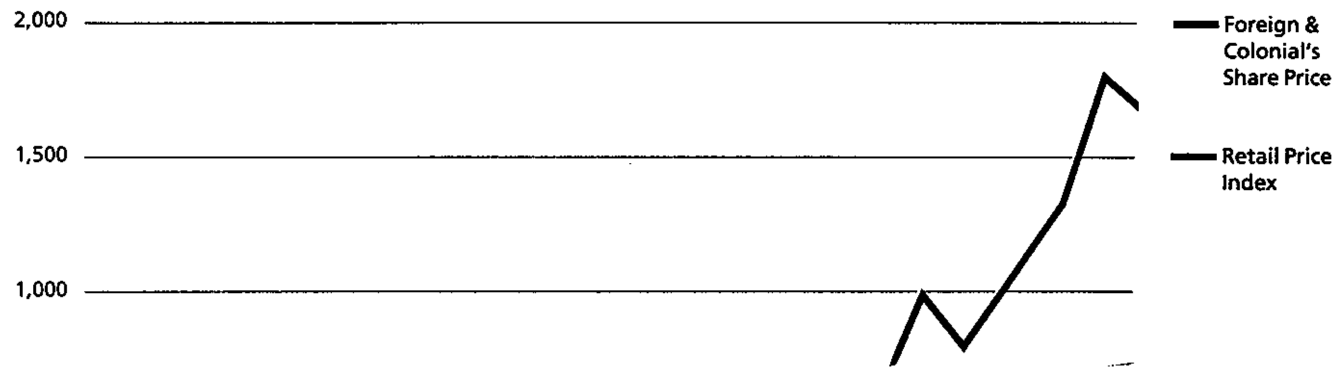
Expenses rose by 9%. The biggest contributor was the management fee which is based on a 3 year rolling average of assets and rose by 15 % as a result of the substantial increase in asset values in 1992 and 1993. In recent years the costs of running the Private Investor Plan have been rising rapidly reflecting its great success; I am pleased to say that

Performance of Foreign & Colonial's Net Asset Value compared with the average of general investment trusts



Source: Datastream

Foreign & Colonial's Share Price Performance



costs fell in 1994 as a result of a radical cost reduction programme. There should be further economies for 1995.

An interim dividend of 0.60p has been paid and your directors propose a final ordinary dividend of 1.1255p and a foreign income dividend of 0.1532p making a total of 1.8787p for the year. This is a rise of 6.7% and is the 24th consecutive annual increase. The Retail Price Index rose by 2.9% in 1994. The long-term record of dividend growth is shown on page 6.

POUNTNEY HILL HOLDINGS (PHH)

This is the company through which we hold our 30.5% investment in Hypo Foreign & Colonial Management (Holdings) Ltd. (HFCM), the parent of the group's investment management and marketing subsidiaries. HFCM had another successful year, particularly in emerging markets, and the relationship with Hypo Bank remains excellent. PHH is our second largest holding. It was valued independently by Phoenix Securities at £39.8m at the end of 1994. This compares with £38.6m at the end of 1993 and £9.2m at the end of 1989. I would remind shareholders again that the value of this major investment will usually be very dependent on the level of world stockmarkets.

The progress and structure of the group are described on pages 60 to 63.

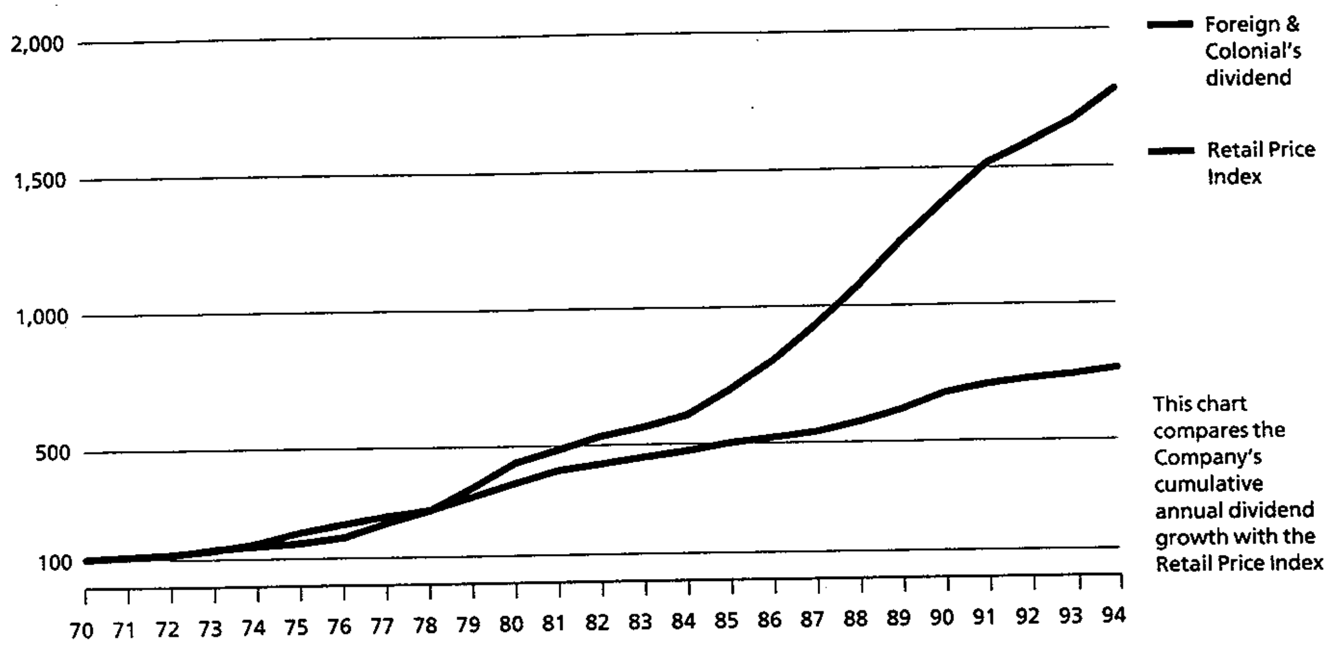
SHAREHOLDERS AND ANNUAL GENERAL MEETING

The Private Investor Plan celebrated its 10th anniversary in 1994. Since the launch of the scheme the number of shareholders in your company has increased from under 12,000 to nearly 95,000. Individual shareholders now own 49% of our share capital, which compares very favourably with 17% for all publicly quoted companies. An investor who had subscribed £25 a month to the Private Investor Plan and reinvested the dividends since it started would by 31 December 1994 have subscribed £3,025, and own an investment worth £6,965. Similarly a lump sum of £1,000 invested at the start would have grown to £4,904.

The Private Investor Plan has been a great success but it is important that costs be kept under control. To enable the Plan to be run more efficiently the Board has decided to change to a nominee system (for those shareholders who wish to continue to participate in the Plan). This anticipates the Crest electronic settlement system which is being developed by the Bank of England and which is intended to improve market efficiency by eliminating the need for share certificates as well as reducing settlement risk. Most other major investment trust groups operate their plans with a nominee system. Your Board feels strongly that it is important that our Private Investor Plan holders, whose shares will be held through the nominee system, should have full voting rights as near as possible to those of a registered shareholder. Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

This year's Annual General Meeting will be held in the Porter Tun Room at the Whitbread Brewery in Chiswell Street. (A map showing the location is contained in the separate circular accompanying these accounts.) Last year about 400 people attended the meeting. You are warmly invited to come and we look forward to seeing many of you. It is sometimes difficult to answer complex questions satisfactorily as

Foreign & Colonial's 24th Consecutive Increase in Dividend



Source: Datastream

Foreign & Colonial's Net Asset Value Record

they need some research. If you have a particularly complicated or detailed question you might find it helpful to contact us in advance so that we can give you the most complete answer.

OVERSEAS LISTINGS

Your company's shares were listed on the New Zealand Stock Exchange in July 1993. We now have 1,200 shareholders in that country.

We obtained a quotation in Tokyo in 1987. Unfortunately, despite the good performance of the shares, Japanese investors were reluctant buyers. We therefore decided with regret that the costs of continuing the listing could no longer be justified and we terminated it in November.

DIRECTORS AND STAFF

There were no changes in the composition of the Board in 1994 but Eric Elstob is retiring early on health grounds after the Annual General Meeting. Eric has been a director of your Company for 22 years and joint manager since 1969. We are greatly indebted to him for the energy and ideas that he has brought to the Foreign & Colonial group over this long period and we wish him all the very best for the future.

I would again like to thank, on your behalf, all the staff of the Group. They have continued to show that mixture of professionalism, integrity and loyalty which are the hallmarks of our team.

CORPORATE GOVERNANCE

We comply with the recommendations for best practice in corporate governance published by the Cadbury Committee and the AITC.

DONATION TO THE CONSERVATIVE PARTY

The board will again be proposing at the Annual General Meeting that a donation of £12,500 be paid to the Conservative Party. Foreign & Colonial is one of the few companies which invites shareholders to vote on this issue. We strongly believe that the economic policies of the Conservative Party are more likely than those of any other party to produce an environment favourable for investors. The record of this company and the growth in the number of shareholders since 1979 are evidence of the success of Conservative policies.

PROSPECTS

Most of the major economies are expanding strongly. The USA is in the lead, followed by the UK, Continental Europe and, with more hesitation, Japan. It is natural that central bankers should now be principally concerned to stop recovery and growth turning into inflation, and they are carefully but steadily putting up interest rates. Investors generally dislike rising rates and their mood is therefore defensive. The next few months may be difficult as inflation numbers will be bad and rates will still be rising. On balance, however, we are cautiously optimistic as we believe that most of the impact of higher rates has now been discounted in the markets and that we have the longer term prospect of controlled growth and low inflation in many key countries.

In the UK, the economy is in particularly good order thanks to the much improved balance of payments combined with sound fiscal and monetary policies. However, the policies of a possible future Labour government remain a concern for investors. In the US, interest rates are still rising and the main market indices look fully valued, but there are still attractive

Chairman's Statement *(continued)*

opportunities in individual stocks. In Continental Europe the economies are recovering well but, Italy excepted, equity valuations look high. In Japan, the recession is coming to an end, which should improve the outlook for equities. The economic effects of the Kobe earthquake are hard to evaluate, but the Japanese market could be attractive in 1995 if local investors recover their nerve. In Latin America, a number of markets, especially Brazil, look attractive in the aftermath of the recent turmoil in Mexico.

To conclude, we are likely to remain fully invested in a carefully balanced portfolio of global equities. Bonds may perform well in 1995 as the upward trend in interest rates approaches its end, but history shows that when bonds go up equities ultimately rise faster. We will therefore continue to focus on equities and we are hopeful of again achieving our company objective - to secure for our shareholders long-term growth in net assets per share and regular increases in dividend which will beat the rate of inflation.

J. R. Sclater.

J. R. Sclater
March 1995

Directors

Left to right
Lord Kingsdown
John Sclater, Chairman
Lord Rockley

Left to right
Oliver Dawson
Eric Elstob
The Hon James Ogilvy
Michael Hart
Andrew Barker

Left to right
Sir John Egan
Haruko Fukuda
Sir Timothy Bevan
Lord Nicholas Gordon Lennox

About Your Company

Foreign & Colonial was the first public investment trust and celebrated its 125th anniversary in 1993. Formed in 1868, it operated originally as a common law trust until doubts about the legality of this resulted in a change to limited liability status. This is how investment trusts came to be called trusts although, of course, they are no longer trusts but public companies.

The Company was originally named The Foreign and Colonial Government Trust and specialised in overseas government bonds. British Government securities were then yielding about 3% while overseas bonds offered a much better return. The stated objective was "to provide the investor of moderate means the same advantages as the large capitalists in diminishing the risk of foreign and colonial stocks by spreading the investment over a number of stocks."

The present name was adopted in 1891 and the Company widened its scope by investing in railway and industrial debentures. Equity investments were first made in the early 1920s and the original emphasis on overseas markets has never been lost.

In 1961, Foreign & Colonial was one of the first UK investors to take an interest in post-war Japan. Subsequently, in 1968, the Japanese portfolio was expanded by the acquisition of the Anglo-Nippon Trust Limited.

In 1974, Foreign & Colonial made an early move into Latin American equities with investments in Brazil.

In 1984, Foreign & Colonial was the first investment trust to introduce a Private Investor Plan which made it cheap and simple for investors to buy investment trust shares.

An increasing interest by New Zealand investors in Foreign & Colonial shares led to a listing on the New Zealand Stock Exchange in July 1993.

A simple low cost personal pension plan was launched in February 1994.

The Board believes that Foreign & Colonial and other investment trusts fulfil an important and distinctive rôle by offering investors a sound medium- to long-term investment. The performance of the Company's shares has been superior to many other forms of investment, as shown by the tables below and opposite.

The Company now serves over 94,000 shareholders.

The price of Foreign & Colonial Investment Trust shares can be found every day in the investment trust section of the stockmarket page in most of the leading newspapers, normally under "For. & Col.".

Share Price of Foreign & Colonial compared with the FT30 Share Index and its present constituents.

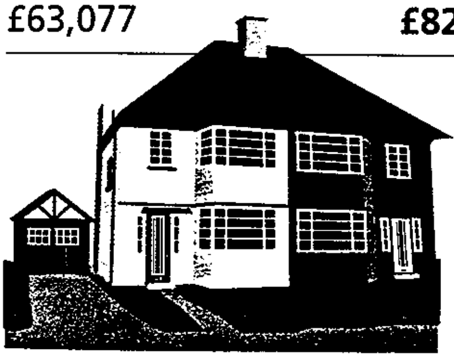
FIVE YEARS TO 31 DECEMBER 1994

Stock		**% change**
1	Marks and Spencer	98.50
2	Boots	84.62
3	Reuters Holdings	82.97
4	Glaxo	68.66
5	British Airways	63.39
6	**Foreign & Colonial**	61.42
7	SmithKline Beecham	48.93
8	National Westminster Bank	48.13
9	Tate & Lyle	47.39
10	Courtaulds	43.63
11	Thorn EMI	38.82
12	GKN	36.66
13	ICI	34.26
14	British Gas	32.49
15	Guinness	31.20
16	Grand Metropolitan	29.62
17	Lucas Industries	27.29
18	Cadbury Schweppes	26.47
19	BOC Group	25.94
20	BP	25.89
21	**FT 30 Share Index**	23.18
22	BT	22.17
23	General Electric	21.68
24	Blue Circle Industries	13.32
25	Allied-Domecq	10.24
26	BTR	6.93
27	P & O	2.53
28	Hanson	2.33
29	BICC	–21.70
30	Forte	–22.83
31	Asda Group	–28.43
32	Royal Insurance	–49.86

Source: Datastream

Performance Record

Average Price of a Family Home[1]	Foreign & Colonial[2]	Building Society[3]	Retail Price Index	
£1,150	**£1,000**	£1,000	£1,000	1945
	£1,782	£1,188	£1,235	1950
	£5,678	£1,346	£1,553	1955
	£9,108	£1,589	£1,712	1960
	£15,680	£1,955	£2,031	1965
£4,975	**£30,210**	£2,554	£2,580	1970
	£35,347	£3,624	£4,982	1975
£23,596	**£72,051**	£5,534	£9,400	1980
	£190,992	£8,489	£12,919	1985
	£395,275	£13,217	£17,466	1990
£63,077	**£827,710**	£16,771	£19,637	1994

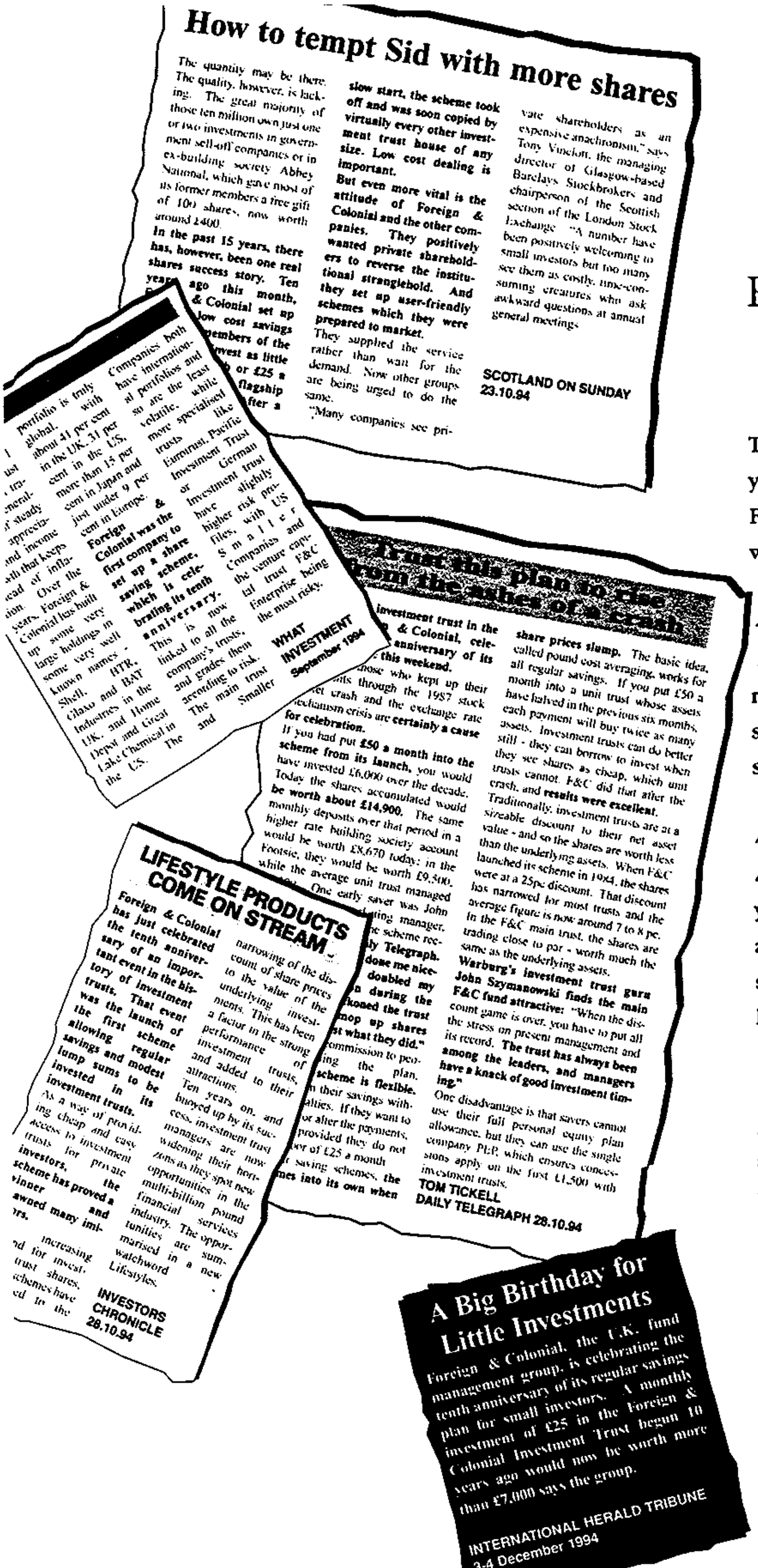


[1] Source; The Building Societies Association and Department of the Environment Average Mortgage Completion 5% sample survey

[2] Based on mid-market prices allowing for notional deduction of 3.5% on reinvested income to cover transaction costs and the market makers' spread as recommended by AITC. Current charges are 0.2% commission and 0.5% Government Stamp Duty (minimum 50p).

[3] Basic net rate to 1962 – Source: BZW. Thereafter highest net rate – Source: Micropal.

Past performance is no guide to the future. Prices and income may go down as well as up. Investors may not get back the original amount invested in Foreign & Colonial, especially in the short term.



How to tempt Sid with more shares

The quantity may be there. The quality, however, is lacking. The great majority of those ten million own just one or two investments in government sell-off companies or in ex-building society Abbey National, which gave most of its former members a free gift of 100 shares, now worth around £400.

In the past 15 years, there has, however, been one real shares success story. Ten years ago this month, … & Colonial set up … low cost savings … members of the … invest as little … or £25 a … flagship … after a slow start, the scheme took off and was soon copied by virtually every other investment trust house of any size. Low cost dealing is important.

But even more vital is the attitude of Foreign & Colonial and the other companies. They positively wanted private shareholders to reverse the institutional stranglehold. And they set up user-friendly schemes which they were prepared to market.

They supplied the service rather than wait for the demand. Now other groups are being urged to do the same.

"Many companies see private shareholders as an expensive anachronism," says Tony Vincent, the managing director of Glasgow-based Barclays Stockbrokers and chairperson of the Scottish section of the London Stock Exchange. "A number have been positively welcoming to small investors but too many see them as costly, time-consuming creatures who ask awkward questions at annual general meetings."

SCOTLAND ON SUNDAY 23.10.94

WHAT INVESTMENT September 1994

Trust this plan to rise from the ashes of a crash

…investment trust in the … & Colonial, celebrated … anniversary of its … this weekend. … those who kept up their … through the 1987 stock market crash and the exchange rate mechanism crisis **are certainly a cause for celebration.**

If you had put **£50 a month into the scheme from its launch,** you would have invested £6,000 over the decade. Today the shares accumulated would **be worth about £14,900.** The same monthly deposits over that period in a higher rate building society account would be worth £8,670 today; in the Footsie, they would be worth £9,500, while the average unit trust managed …

share prices slump. The basic idea, called pound cost averaging, works for all regular savings. If you put £50 a month into a unit trust whose assets have halved in the previous six months, each payment will buy twice as many assets. Investment trusts can do better still - they can borrow to invest when they see shares as cheap, which unit trusts cannot. F&C did that after the crash, **and results were excellent.**

Traditionally, investment trusts are at a sizeable discount to their net asset value - and so the shares are worth less than the underlying assets. When F&C launched its scheme in 1984, the shares were at a 25pc discount. That discount has narrowed for most trusts and the average figure is now around 7 to 8 pc. In the F&C main trust, the shares are trading close to par - worth much the same as the underlying assets.

Warburg's investment trust guru John Szymanowski finds the main F&C fund attractive: "When the discount game is over, you have to put all the stress on present management and its record. **The trust has always been among the leaders, and managers have a knack of good investment timing."**

One disadvantage is that savers cannot use their full personal equity plan allowance, but they can use the single company PEP, which ensures concessions apply on the first £1,500 with investment trusts.

TOM TICKELL DAILY TELEGRAPH 28.10.94

LIFESTYLE PRODUCTS COME ON STREAM

INVESTORS CHRONICLE 28.10.94

A Big Birthday for Little Investments

Foreign & Colonial, the U.K. fund management group, is celebrating the tenth anniversary of its regular savings plan for small investors. A monthly investment of £25 in the Foreign & Colonial Investment Trust begun 10 years ago would now be worth more than £7,000 says the group.

INTERNATIONAL HERALD TRIBUNE 3-4 December 1994

10TH ANNIVERSARY
The Private Investor Plan was launched in October 1984

Private Investor Plan

The Foreign & Colonial Private Investor Plan allows you to invest in the ordinary shares of a range of Foreign & Colonial investment trusts at low cost and without complication.

1 **Saving each month.** You can save on a regular basis by buying shares each month. The minimum monthly investment is £25, but you can start your Plan with a larger amount and add lump sums at any time.

2 **Lump sum savings.** If you want greater flexibility as to when and how much you invest, you can open a Plan with an initial investment of £250 and invest further lump sums at any time by simply sending a cheque. Once the Plan is open, the minimum lump sum for any additional investment is £25.

3 **Making a gift.** Investment trust shares make an ideal gift. Acting on your instructions we buy shares and record the beneficial owner in the name of the person you specify. This can be done by saving monthly or making a lump sum investment. The same minimum levels apply as mentioned above.

4 **Exchanging shares you already own.** You may wish to sell some of your existing shareholdings and use the proceeds to buy shares in Foreign & Colonial investment trusts. On your behalf we have negotiated special terms for this service with a leading broker. Current charges are 1.5% on the first £2,500 worth of shares, 0.75% on the next £2,500, and only 0.1% thereafter. The minimum commission charge is £20. The minimum value of each individual holding which can be exchanged is £200.

Personal Equity Plan

The Foreign & Colonial Personal Equity Plan combines Foreign & Colonial's investment trust expertise and tax concessions given by the government.

1 **Low initial charges.** There is a flat rate charge of £50 + VAT to invest in a Foreign & Colonial PEP and no commission is paid to intermediaries so more of your money is working for you.

2 **Fixed costs.** The annual adminstration charge is £60 + VAT even if you add to your PEP year after year. This means more of your money is working for you.

3 **Transfers from other Personal Equity Plans.** If you want to switch into the Foreign & Colonial PEP we will deal with all the paperwork involved.

4 **Exchanging shares you already own.** You may wish to sell some of your existing shareholdings and use the proceeds to buy shares in Foreign & Colonial investment trusts. On your behalf we have negotiated special terms for this service with a leading broker. Current charges are 1.5% on the first £2,500 worth of shares, 0.75% on the next £2,500, and only 0.1% thereafter. The minimum commission charge is £20. The minimum value of each individual holding which can be exchanged is £200.

Pension Savings Plan

The Foreign & Colonial Pension Savings Plan provides a simple, tax efficient and low cost way of saving for retirement.

1 **Two pension choices.** There are two choices, the Personal Pension Plan and the Additional Voluntary Contribution Plan.

2 **Low charges.** The charges are far lower than those levied by almost all insurance companies. The initial charge is £100, the annual management fee is 0.5% and there is an annual administration charge of £50. The dealing charge is 0.2%.

3 **Lump sum or regular contributions.** For both Plans the minimum contribution is £100 per month or £5,000 lump sum.

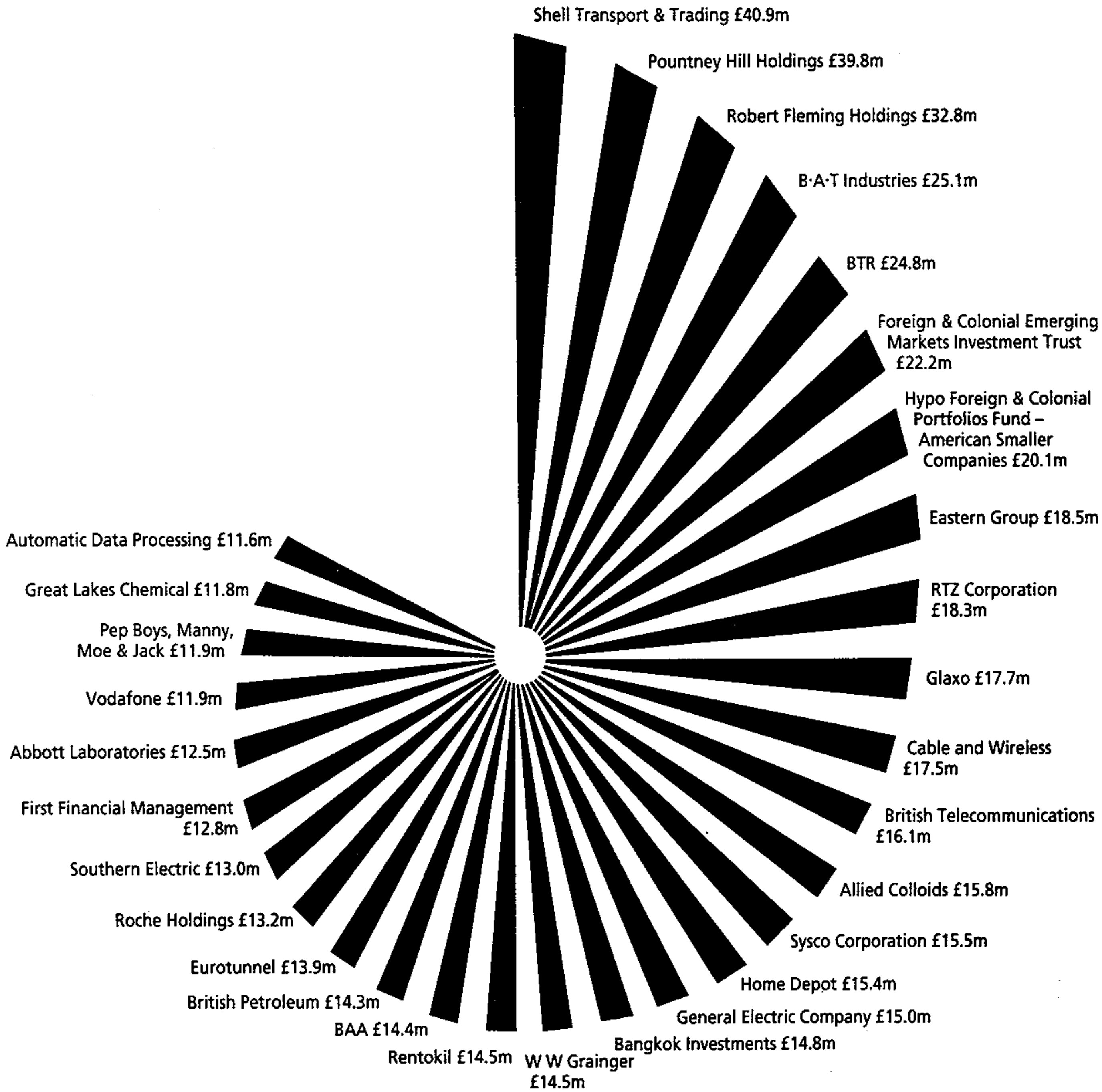
For details about any of these products, you can call the Investment Trust Helpdesk on 0171-454 1415 and they will send you the necessary information.

The information on pages 12 and 13 has been issued and approved by Foreign & Colonial Management Limited, Exchange House, Primrose Street, London EC2A 2NY. Regulated by IMRO and the Personal Investment Authority.

Investors are reminded that the price of shares and the income from them may go down as well as up and they may not get back the full amount invested. Past performance is no guide to the future.

Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Thirty Largest Equity Holdings



1 (1) Shell Transport & Trading UK 2.89%
Leading international oil exploration, production and marketing group, which has a strong balance sheet and an attractive yield.

2 (2) Pountney Hill Holdings UK 2.81%
Holding company for our investment in the fast growing fund management business, Foreign & Colonial Management.

3 (3) Robert Fleming Holdings UK 2.32%
An unquoted UK merchant bank with a good reputation in its areas of operation and a strong presence in the Far East.

4 (5) B.A.T Industries UK 1.77%
Diversified group with cash generative international tobacco interests, and expanding financial services through Allied Dunbar, Eagle Star and Farmers Group in the US.

5(4) BTR UK 1.75%
Major international manufacturing group with an excellent long-term record.

6 (6) Foreign & Colonial Emerging Markets Investment Trust UK 1.57%
Specialist fund giving exposure to fast growing emerging economies across the world.

7 (8) Hypo Foreign & Colonial Portfolios Fund American Smaller Companies Luxembourg 1.42%
Specialist fund that gives exposure to growth companies which are too small for us to invest in directly.

8 (15) Eastern Group UK 1.31%
The second largest regional electricity company supplying power in East Anglia. It should benefit from recovery in the region, has a strong balance sheet and the prospect of good increases in the dividend.

9 (12) RTZ Corporation UK 1.29%
A world leader in the mining industry concentrating on the development of large, high quality mineral deposits. It is currently benefiting from a strong recovery in commodity prices.

10 (11) Glaxo UK 1.25%
Large annual research and development expenditure has led to a wide range of new products coming on to the market to complement the success of its Zantac anti-ulcer drug.

11 (7) Cable and Wireless UK 1.24%
International telecommunications group operating through Mercury in the UK, and with substantial interests in Hong Kong.

12 (9) British Telecommunications UK 1.14%
Long-term growth in demand for telecommunication networks should be boosted by a decrease in prices, better marketing and a range of new services.

13 (23) Allied Colloids UK 1.12%
Manufacturer of speciality chemicals with a record of innovation, growth and a high proportion of overseas earnings.

14 (13) Sysco Corporation USA 1.09%
America's largest distributor of food to restaurants, schools and hospitals, with strong management and excellent growth prospects.

15 (24) Home Depot USA 1.09%
A leading chain of DIY stores which continues to grow rapidly in a highly fragmented market.

16 (14) General Electric Company UK 1.06%
Major electronics group with a strong balance sheet, some interesting new ventures and an attractive yield.

17 (19) Bangkok Investments Thailand 1.04%
This was the first closed-end fund set up for foreigners investing in Thailand and continues to achieve outstanding performance. Growth of the Thai economy is expected to be 8% in 1995.

18 (21) W W Grainger USA 1.03%
One of America's leading distributors of equipment, components and supplies into a number of different markets.

19 (20) Rentokil UK 1.03%
International environmental services and healthcare group with an excellent record of growth, profitability and financial strength.

20 (18) BAA UK 1.02%
Long-term growth in air travel, and the further development of retailing give good prospects for the operator of Britain's major airports.

21 (28) British Petroleum UK 1.01%
Major integrated oil group with good recovery prospects due to continued rationalisation.

22 (10) Eurotunnel UK 0.98%
The shuttle service from Folkestone to Calais and the trains from London to Paris and Brussels are now operational and proving popular with travellers.

23 (17) Roche Holdings Switzerland 0.94%
Switzerland's third largest pharmaceutical and chemical company. The acquisition of Genentech has proved to be successful, and has added a new dimension to the group's traditional research work.

24 (-) Southern Electric UK 0.92%
The largest regional electricity company in the UK with a strong balance sheet and above average dividend prospects.

25 (25) First Financial Management USA 0.90%
A leading provider of information services, offering a range of data processing, management and storage products.

26 (27) Abbott Laboratories USA 0.88%
Diversified healthcare firm with a strong market position in pharmaceuticals, nutritional products, diagnostic tests and hospital instruments.

27 (-) Vodafone UK 0.84%
Strong position in the UK mobile phone market together with diversifications into many overseas areas gives the company good potential for profit growth.

28 (-) Pep Boys, Manny, Moe & Jack USA 0.84%
Through its extensive network of superstores the company provides retail auto parts and services.

29 (16) Great Lakes Chemical USA 0.84%
Major chemicals producer with a wide range of products, many of which are used in environmentally friendly applications.

30 (-) Automatic Data Processing USA 0.82%
The company provides data processing services to a wide range of industries. It has an enviable track record and generates a significant cash flow.


SEA
Change
Your Coastal

Market Reviews

UNITED KINGDOM

The FT-SE-A All-Share Index fell by 9.6% in 1994. In February share prices reached an all time high but a setback occurred when the US Federal Reserve raised interest rates for the first time for five years. Bond markets took fright and declined steadily until mid September. Equities fell in sympathy but not to the same extent because prospects for economic growth and dividends appeared to be good.

Uncertainty about US and therefore UK interest rates continued until the end of the year. Increasing disarray in the Conservative Government with an increasing likelihood that the next administration would be formed by the Labour Party did not help confidence.

Our UK portfolio outperformed the Index by a small margin. A high exposure to natural resources and utilities and a low exposure to the consumer sector were contributory factors.

Early in the year the opportunity was taken to reduce the number of smaller companies in the portfolio. Taking the year as a whole, more money was committed to the market.

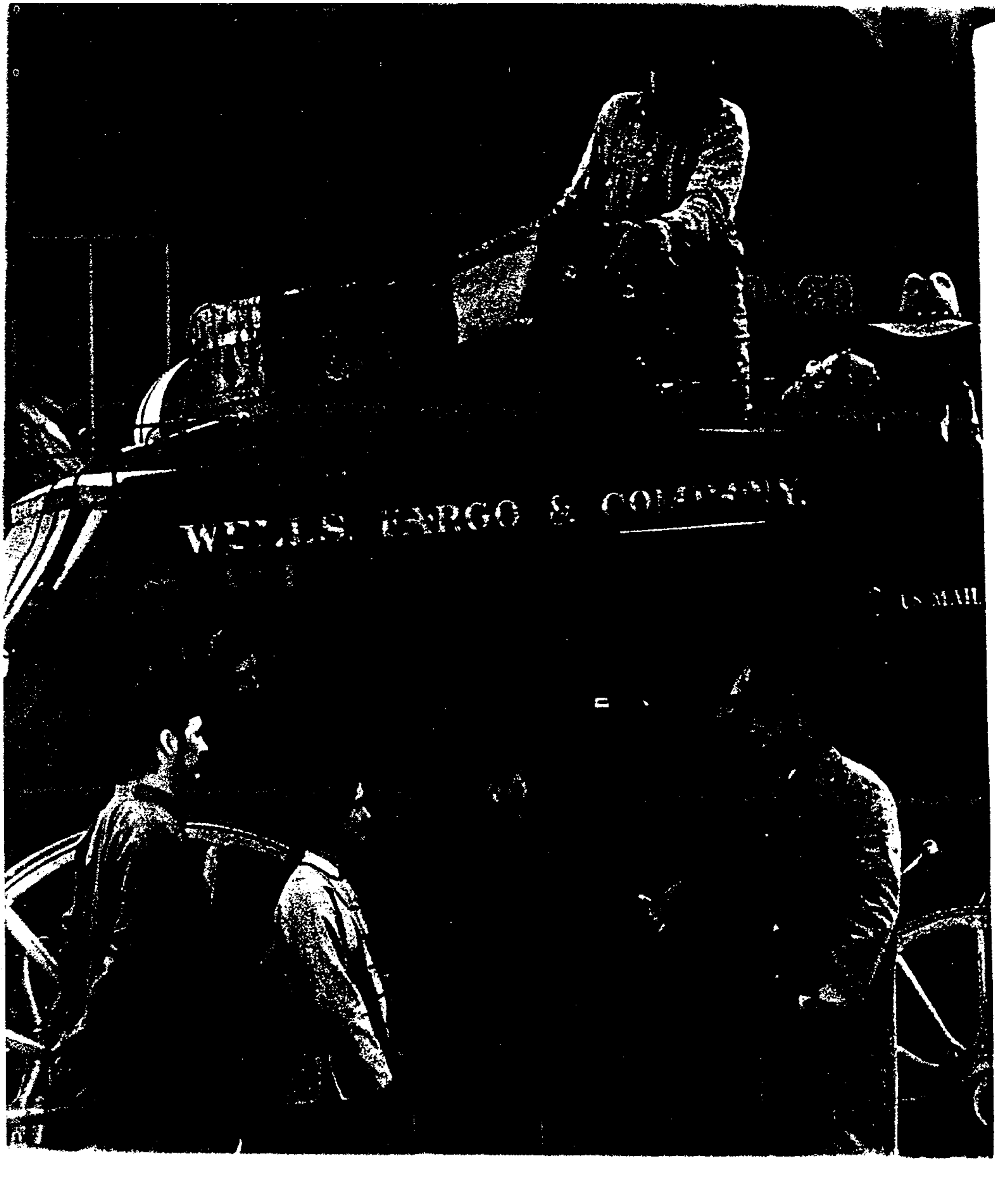
The best performer in the portfolio was Portals, the banknote paper manufacturer, which rose 98% following an agreed bid from De La Rue. Other large rises came from Unitech and Lasmo, up 37% and 33% respectively as their prospects improved.

Eurotunnel, Kingfisher and Tarmac were the most disappointing investments, falling 48%, 43% and 31% down economic growth, prospects for profits and dividends are good. We continue to look for opportunities to add to the portfolio.

UNITED STATES OF AMERICA

Despite the collapse of the bond market the Standard & Poor's Composite Index declined by only 1.5%. However, the economy was stronger than expected and corporate profits were good. A change in policy by the Federal Reserve on February 4th had a major impact on sentiment. Further rises in short and long rates followed which made for a nervous stock-market. New issues were down on 1993 levels and the flow of money into mutual funds, an important driving force in 1993, slowed. Smaller company share prices underperformed for the first time since 1990.

Our portfolio marginally underperformed the Index. Technology stocks had a good year but we tend to be underweight in this sector as earnings are so unpredictable. We made no major sector changes and remained with growth companies which offer good long-term value. Capital Cities ABC, the broadcasting company, up 38%, was our best performer. Two of our speciality retailers, Pep Boys and Home Depot, rose by 18% and 16% respectively as their prospects improved. However, South West Airlines, suffering tough competition, was down 55%; and Circus Circus, where hotel and casino results were below expectations, was down 37%. Another disappointing performance was Comcast, down 35% as it is facing a less favourable regulatory environment. These companies are leaders in their sectors and share prices should recover.


WELLS FARGO & COMPANY.
US MAIL

be limited by higher rates, fierce competition and consumer resistance to price increases. A longer term improvement in the economic outlook will require the President and the new Republican majority to agree fiscal policies to reduce the large budget deficit.

The outlook for corporate profits is good and provided the flow of money to mutual funds is not deterred by high interest rates we would expect the market to make some progress in 1995.

JAPAN

The Japanese stockmarket made further progress during 1994 rising by 8.3% as measured by the Topix index. A feature of the first six months of the year was heavy buying by foreign investors who invested some £24bn in the market. This offset selling by domestic corporations and banks who were trying to improve their profit and loss accounts. The stockmarket peaked in June. There were fears that the strength of the yen, which broke through Y100 to the dollar might upset the fragile recovery. The rise in long-term interest rates and poorly received new issues including Japan Telecom and Japan Tobacco also unsettled sentiment.

The economy showed signs of improvement aided by an exceptionally hot summer and tax cuts but capital investment remained dull and price competition was intense. Imports grew substantially in volume terms as consumers searched for lower priced goods. Exports continued to grow, despite the strength of the yen. Discussions with the United States over trade continued to be arduous even though the trade surplus started to fall.

The domestic political situation was confused with three Prime Ministers in a year. At present the government is composed of a coalition whose main partners are the Liberal Democratic Party and the Socialists.

We outperformed the Topix index again due to a heavy weighting in electricals and a low weighting in banks. However, performance was held back by our more defensive positions. Over the year we were small net investors in Japan.

The best performing stocks in the portfolio were Daikin Industries, an air conditioner manufacturer, up 34%, NEC up 33% and Nippondenso up 29%. On the other hand we had a holding in Aoyama Trading, a discount retailer, which was sold before the year end, having declined some 65% as well as Shimano, a bicycle component manufacturer, down 31% and Kyudenko, a utility contractor, down 18%.

The Japanese economy is recovering and the effect of restructuring in the manufacturing sector is showing through in good profits growth. The overall valuation is not cheap and Japanese institutions continue to be cautious, reducing equity positions on strength. However, the background for the stockmarket and the tragic Kobe earthquake which could well lead to faster domestic growth, make us optimistic. We are therefore looking for opportunities to add to our portfolio.

ASIA

The Asian region performed badly during the year, with the FT-A WI Pacific Basin (ex-Japan) Index falling 21.5%. The value of our investments in Asia declined by less than the Index. This was primarily due to our holdings in South Korea and Taiwan.

The core markets of Asia, namely Hong Kong, Malaysia and Thailand, had reached overvalued levels by the end of 1993. They were hit hard by the rise in

US interest rates at the start of 1994 and the reversal of investment flows from US and Japanese portfolio investors.

Because of the high valuations prevailing at the beginning of the year, we reduced weightings in the region and remained net sellers over the period. The worst performing markets were Hong Kong, Malaysia and Thailand which registered falls of 31%, 24% and 19% respectively. Hong Kong fell the most because there has been rising concern about the economic and political outlook in China. As a result the three worst performing stocks were all in Hong Kong. Dairy Farm fell 49% and Hong Kong Land and Sun Hung Kai Properties fell 48% and 44% respectively. However, our Hong Kong portfolio outperformed the local index. The three best performing stocks were Siam Cement in Thailand, up 56%, Carter Holt Harvey, pulp and paper, in New Zealand which rose 31% and Ssangyong Cement in South Korea up 25%. It is interesting to note that these were all cyclical stocks which have benefited from economic recovery in the region.

We have been and we remain cautious about the Asian region as a whole, primarily because the easy monetary policy of the US has come to an end. However, the core markets of Hong Kong, Malaysia and Thailand have fallen by significant amounts and during 1995 we intend to increase our exposure, on a gradual basis. We will continue to build up our holdings in South Korea on any price weakness. Finally, the Australian market is starting to look attractive.

EUROPE

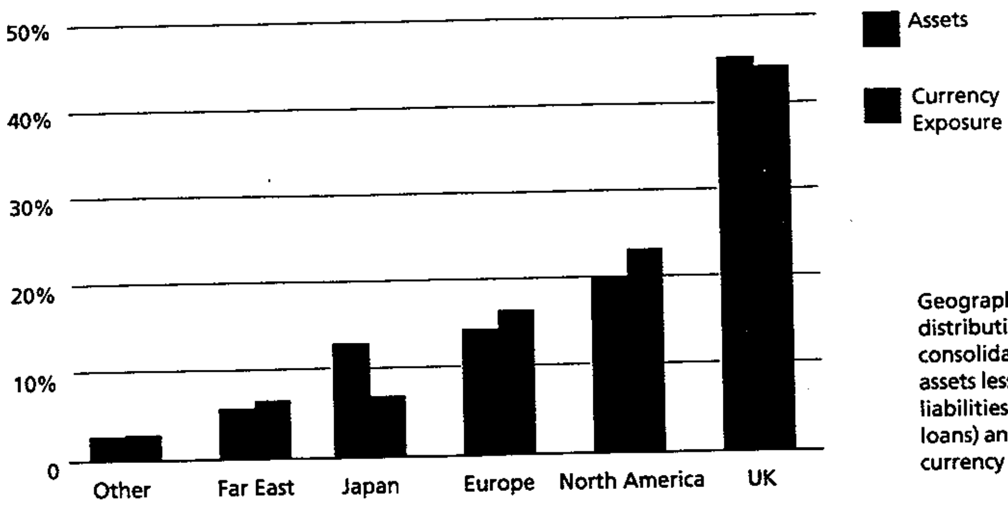
1994 was a disappointing year for investors in continental Europe. Germany was down 7.5%, Switzerland down 9.1%, the Netherlands down 2.7% and France down 16.0%. While the recovery in European economies and corporate earnings proved more vigorous than previously expected, stock-markets were unsettled by the deterioration in international bond markets. Also, the large number of new issues and privatisations was not easily absorbed. The only markets to make any headway were smaller ones such as Italy and the Nordic countries as these economies benefited from the earlier devaluations of their currencies.

Our performance in the major European markets was mixed, underperforming in France and Germany but doing better in Holland and Switzerland.

On balance additional funds were committed to the European portfolio. Few country changes were made during the year, other than to trim Switzerland in favour of some of the smaller markets. More important, however, within the major markets was the decision to reduce exposure to the financial sector as bond markets turned and to place greater emphasis on the cyclical stocks as signs appeared that the economic recovery in Europe was gathering pace. The best individual performances came from the Netherlands and Italy with successes such as Heineken up 22%, KPN, telecommunications, up 13%, Aegon, an insurance company, up 5% and Telecom Italia up 17%. By contrast, France and Germany saw a few disappointments, notably amongst the financials, such as Crédit Commercial de France down 29%, Assurances Générales de France down 40% and Allianz down 12%.

Since we expect bond markets to show some recovery, 1995 should be a better year for the European stock markets. The current upswing in business activity on

Geographical Distribution of Assets



Geographical distribution of consolidated total assets less current liabilities (excluding loans) and currency exposure the continent is well founded and should continue into next year against a background of low inflation. The outlook for corporate earnings remains encouraging, particularly as the benefits of the past years' restructuring measures are now coming through. The progress of markets may be limited, however, by high share valuations and concern about the likelihood of a large number of new issues.

LATIN AMERICA

The Brazilian market rose by 69% while those in Mexico and Argentina fell 42% and 25% respectively, all in dollar terms.

Brazil benefited from the election of a party dedicated to reform. Unfortunately, Mexico suffered from political unrest in a Southern state, assassinations and a deteriorating balance of payments. The United States Federal Reserve's monetary policy negatively affected Argentina, where investors were deterred by concerns over the balance of payments and the currency. Everything that had gone before was completely overshadowed by the devaluation of the Mexican Peso on 20 December which caused all markets in the area to fall sharply. Panic conditions prevailed as investors generally tried to secure what profits remained and foreign investors sold to avoid further currency losses. In 1994 the value of our holdings of Brazilian Smaller Companies Investment Trust and Brazilian Investment Company rose 50%. Telmex, the Mexican telephone company, fell 40%.

At the year end we had 2% of our total assets invested in Latin America directly and through funds.

Share prices in the region continued to fall sharply in the first few weeks of 1995. Recent events have been a setback for investment in Latin America and for the time being we remain cautious about Mexico and Argentina. However, we believe there are significant opportunities in the area. We remain positive about Brazil, Chile and Peru and are continuing to invest.

BONDS AND CURRENCIES

International bond markets suffered a major setback in 1994 with the prices of UK long dated gilts falling 20%. The US Federal Reserve which had kept interest rates at low levels for two years raised its funds rate in February. This move had been expected and was thought to be fully discounted by the market. With the benefit of hindsight it is now clear that enormous speculative positions had been taken in bonds. When the interest rate increase arrived the US bond market took fright and this had repercussions throughout the world. A succession of interest rate increases followed and bond markets were falling for the greater part of the year.

We began the year with holdings of UK gilts and US Treasuries and retained them because we thought that the prospects for continued low levels of inflation were good.

During the course of the year, because we believed that market fears of inflation were being overdone we added to our holdings of bonds. For the moment this has not proved to be successful because central banks continued to increase interest rates fearing that economies were approaching full capacity and there might be a resurgence of inflation.

The fixed interest portfolios were financed by yen borrowings because Japanese interest rates were low and it was thought that the yen was potentially a weak currency.

In 1995 the holdings of US Treasuries have been sold, but we are maintaining our holdings of UK gilts because we believe that interest rates will be lower than currently expected.

UNQUOTED INVESTMENTS

The investment in Pountney Hill Holdings remains the second largest holding in the portfolio. Through Pountney Hill Holdings, we own an effective 30.5% stake in Hypo Foreign & Colonial Management (Holdings) and a full report on this company's progress is given on pages 60 to 63.

Robert Fleming is the second largest unquoted holding. It did well considering the unfavourable background but the share price fell 9.2% reflecting the falls in the valuations of quoted merchant banking companies.

Another investment is 1 Laurence Pountney Hill, the building which Foreign & Colonial Management vacated in 1990. This office has been leased to a firm of corporate financial advisers but will be sold when a suitable opportunity occurs. The valuation is unchanged since last year.

GEARING

Foreign & Colonial has always believed in the prudent use of gearing to enhance shareholder value. When it is thought to be advantageous we borrow money to invest in stock and bond markets. Gearing can consist of long- or short-term loans. In 1979 when exchange controls were lifted another aspect of gearing became possible. Foreign currencies could then be borrowed to invest in local or overseas markets. Sometimes the

HOLDINGS OF FOREIGN & COLONIAL GROUP FUNDS

On occasions the most appropriate way to participate in specialist investment areas is through funds managed by Foreign & Colonial or other fund management companies.

The possibility of conflict between the interest of your Company and Foreign & Colonial Management is recognised. All in-house holdings are reviewed by the Board every six months. Before any new investment is made, the approval of the non-executive directors has to be obtained.

List of Investments

Parent company excluding associated and subsidiary undertakings

LISTED INVESTMENTS	Holding	Value at 31 Dec 94 £'000s
Africa:		
South Africa		
Equities		
Anglo American	47,400	1,755
Anglovaal	106,500	2,088
South African Breweries	190,000	2,868
Total Equities		**6,711**
Bonds		
Escom 11% 2008 R100 (No. 168)	R 40,000,000	4,409
Total Africa		**11,120**
Continental Europe:		
Austria		
Wienerberger Baustoff Industrie	18,140	4,114
Belgium		
Générale de Banque	24,000	3,904
Denmark		
Tele Danmark	29,600	961
France		
Accor	80,000	5,557
Assurances Générales de France	157,000	3,986
Crédit Commercial de France	158,750	4,088
Crédit Local de France	100,000	4,575
Générale des Eaux	77,140	4,795
Lafarge-Coppée	112,200	5,106
Legrand	6,500	5,045
Michelin 'B'	170,000	3,956
Promodès	40,000	4,762
Renault	14,360	304
Total 'B'	192,800	7,163
Valeo	200,000	6,369
Total France		**55,706**
Germany		
Allianz	1,300	1,786
Allianz warrants	16,000	
Bayer	40,000	5,922
BASF warrants	40,000	1,336
BMW	12,000	3,795

	Holding	Value at 31 Dec 94 £'000s
Daimler Benz	16,500	5,168
Deutsche Bank warrants	20,000	1,390
Foreign & Colonial German Investment Trust*	3,304,434	4,139
Foreign & Colonial German Investment Trust warrants*	525,886	
Hochtief	12,250	4,723
Mannesmann	32,500	5,629
Preussag	23,350	4,314
Veba warrants	40,000	3,208
Total Germany		**41,410**
Italy		
Assicurazioni Generali	286,000	4,299
IMI	367,500	1,444
Italgas	1,650,000	2,903
Montedison	3,000,000	1,446
Telecom Italia	3,100,000	5,154
Total Italy		**15,246**
Luxembourg		
Hypo Foreign & Colonial Portfolios Fund: Mediterranean Equity	48,828	402
Netherlands		
ABN-AMRO	220,000	4,886
Aegon	160,000	6,542
Akzo	72,700	5,366
Elsevier	800,000	5,334
Heineken	50,000	4,822
KPN	227,000	4,891
VNU	120,000	7,965
Total Netherlands		**39,806**
Norway		
Norsk Hydro	201,700	5,070
Portugal		
Banco Comercial Portugues	400,999	3,349
Jeronimo Martins 13.5% conv. notes 1997	330,000	2,427
Total Portugal		**5,776**

List of Investments *(continued)*

Parent company excluding associated and subsidiary undertakings

LISTED INVESTMENTS	Holding	Value at 31 Dec 94 £'000s
Scandinavia		
Hypo Foreign & Colonial Portfolios Fund: Nordic Equity	123,600	**1,327**
Spain		
Banco Popular Espanol	65,000	4,940
Repsol	245,550	4,257
Telefonica	600,000	4,531
Vallehermoso	209,755	2,327
Total Spain		**16,055**
Sweden		
Astra 'A'	220,000	5,840
Astra 'B'	135,500	
Svenska Cellulosa	300,000	3,005
Total Sweden		**8,845**
Switzerland		
Nestlé	13,225	8,055
Roche Holdings part. certs.	4,281	13,246
Sandoz	19,500	6,496
Union Bank of Switzerland	10,019	5,314
Zurich Insurance participating certs.	8,000	4,865
Total Switzerland		**37,976**
Total Continental Europe		**236,598**
Far East (excluding Japan):		
Australia		
BTR Nylex	2,000,000	4,583
BTR Nylex 9% sub.conv. notes 1998	440,000	
Mayne Nickless	600,000	1,963
Pacific Dunlop	1,100,000	1,871
Total Australia		**8,417**
Hong Kong		
Asia Financial Holdings	9,215,667	2,132
Cheung Kong Holdings	450,000	1,171
Dairy Farm International Holdings	1,738,000	1,192
Guangdong Investment	6,200,000	1,959
Hong Kong Electric	1,266,000	2,212
Hong Kong & China Gas	2,784,384	2,875
Hong Kong Land Holdings	1,618,000	2,018
Hong Kong Telecommunications	2,102,800	2,562
Hutchison Whampoa	1,440,000	3,724
Jardine Strategic Holdings	1,210,000	2,539
Sun Hung Kai Properties	1,146,000	4,374
Swire Pacific 'A'	1,013,072	4,034
Total Hong Kong		**30,792**

	Holding	Value at 31 Dec 94 £'000s
India		
Indian Investment Company	300,000	**2,056**
Malaysia		
Malayan Banking	480,000	**1,850**
New Zealand		
Carter Holt Harvey	2,000,000	**2,619**
Singapore		
Development Bank of Singapore	1,179,750	7,758
Hypo Foreign & Colonial Portfolios Fund: Asian Equity	126,670	1,816
Singapore Airlines	725,000	4,259
Total Singapore		**13,833**
South Korea		
Daishin Securities	76,214	655
Hanil Bank	239,832	1,925
Korea Electric Power	233,200	5,142
Korea Long-Term Credit Bank	70,015	1,391
Ssangyong Cement	73,920	1,810
Total South Korea		**10,923**
Taiwan		
Formosa Fund	450	2,891
Taipei Fund	55	3,023
Total Taiwan		**5,914**
Thailand		
Bangkok Investments	173,160	**14,776**
Total Far East (excluding Japan)		**91,180**
Japan		
Equities and convertibles		
Canon	741,000	8,023
Daikin Industries	700,000	3,964
Daiwa House Industry	615,000	5,555
Daiwa Securities	550,000	5,074
East Japan Railway	1,700	5,424
Fanuc	75,000	2,254
Fuji Photo Film	400,000	5,920
Fujitsu	966,000	6,251
Hitachi	1,260,000	7,983
Ito Yokado	200,000	10,509
Ito Yokado No. 1 3.2% conv. bond 1995	Yen 225,000,000	

List of Investments *(continued)*

Parent company excluding associated and subsidiary undertakings

LISTED INVESTMENTS	Holding	Value at 31 Dec 94 £'000s
Japan Tobacco	400	2,527
JGC	310,000	3,376
Kajima	650,000	3,556
Kamigumi	400,000	3,332
Kamigumi warrants	6,000	
Keyence	50,000	3,620
Kokuyo	270,000	4,151
Komatsu	900,000	5,189
Kyocera	125,000	5,918
Kyudenko	144,000	1,153
Marui	250,000	5,596
Marui 3.5% conv.bond 1999	US$1,000,000	
Matsushita Electric Industrial	680,000	7,145
Matsushita Electric Works	153,000	1,000
Mitsubishi Heavy Industries	1,600,000	7,790
Mitsui Fudosan	585,000	3,973
Murata Manufacturing	177,000	4,366
NEC 2.875% conv. bond 2000	US$1,850,000	4,047
NEC 5.25% conv. bond 1997	US$600,000	
Nippondenso	500,000	6,727
Nomura Securities	300,000	3,978
Olympus Optical	600,000	4,190
Omron	550,000	6,483
Sankyo	150,000	2,383
Sekisui Chemical	800,000	5,074
Sekisui House	385,000	3,154
Sekisui House warrants	540	
Sharp Corporation	600,000	6,919
Shimano	235,000	3,191
Shimano warrants	312	
Sumitomo Corporation	1,025,000	6,698
Sumitomo Electric Industries	650,000	5,913
TDK	125,000	3,868
Tokio Marine & Fire Insurance	400,000	3,126
Toppan Printing	413,000	3,678
Toyo Seikan	200,000	4,254
Yamanouchi Pharmaceutical	400,000	5,253
Yamaichi Securities	800,000	3,864
Total Japan		**206,449**
Latin America		
Argentinian Investment Company	75,000	1,103
Brazilian Investment Company	241,698	6,127
Brazilian Smaller Companies Investment Trust*	2,200,000	2,513
Brazilian Smaller Companies Investment Trust warrants*	440,000	

	Holding	Value at 31 Dec 94 £'000s
Latin American Extra Yield Fund units	965,000	4,819
Latin American Investment Trust*	3,832,450	5,450
Latin American Investment Trust warrants*	766,490	
Mexican Investment Company	100,000	1,725
Telefonos de Mexico ADS	320,000	8,386
YPF ADS	75,000	1,025
Total Latin America		**31,148**
North America:		
United States		
Equities		
Abbott Laboratories	600,000	12,512
Alltel	388,200	7,475
American International	45,000	2,819
Automatic Data Processing	310,000	11,592
Bank America	140,000	3,535
California Energy	633,538	6,251
Capital Cities/ABC	60,000	3,269
Caterpillar	60,000	2,114
Circus Circus Enterprises	80,000	1,182
Colgate Palmolive	190,000	7,697
Comcast 'A'	140,000	5,462
Comcast 'A' Special	407,500	
Donnelley RR	345,000	6,505
Dresser Industries	185,000	2,232
Dun & Bradstreet	130,000	4,570
Eaton	140,000	4,430
Federal National Mortgage Association	100,000	4,658
First Financial Management	325,000	12,802
Foreign & Colonial U.S. Smaller Companies*	918,169	1,236
Foreign & Colonial U.S. Smaller Companies – warrants*	1,000,000	
Foster Wheeler	120,000	2,282
Gannett	90,000	3,063
General Electric	140,000	4,564
Grainger W.W.	394,000	14,544
Great Lakes Chemical	325,000	11,841
Home Depot	525,000	15,436
Hypo Foreign & Colonial Portfolios Fund:		
American Equity	110,000	1,539
American Smaller Companies	1,300,516	20,125
Illinois Tool Works	345,700	9,667
Ingersoll-Rand	190,000	3,826
Kemper	255,000	6,173
May Department Stores	135,000	2,912
Medtronic	90,000	3,200

List of Investments *(continued)*

Parent company excluding associated and subsidiary undertakings

LISTED INVESTMENTS	Holding	Value at 31 Dec 94 £'000s
Motorola	75,000	2,780
NBD Bancorporation	165,000	2,887
Northern Trust	135,000	3,020
Partner Re Holdings	345,000	4,576
Pep Boys, Manny, Moe & Jack	600,000	11,889
Philip Morris	145,000	5,329
Pioneer Hi Bred International	170,000	3,749
Pitney Bowes	150,000	3,044
Promus	70,000	1,381
Schlumberger	90,000	2,898
Seagram	295,000	5,562
Southern Pacific Rail	160,000	1,854
Southwest Airlines	162,500	1,740
Sysco Corporation	940,000	15,471
Time Warner	115,000	2,582
Toys "R" Us	85,000	1,664
Tyson Foods 'A'	605,000	8,217
Unocal	100,000	1,742
Union Pacific Corporation	70,000	2,030
UST	320,000	5,702
Walgreen	370,000	10,317
Wal-Mart Stores	360,000	4,890
Wells Fargo	35,000	3,244
William Wrigley Junior	315,000	9,941
Others individually valued at less than £100,000		166
Total Equities		**316,188**
Bonds		
USA Treasury Notes 7.125% 2023	US$20,000,000	**11,992**
Total United States		**328,180**
Canada		
Alberta Energy	300,000	**2,443**
Total North America		**330,623**
United Kingdom		
Equities and Convertibles		
Allied Colloids	12,248,000	15,799
Allied-Domecq	1,246,153	6,728
Anglian Water	1,480,210	7,578
Asda Property Holdings	924,000	
Asda Property Holdings 5.125% conv. pref	416,515	1,456
BAA	3,045,000	14,388
B.A.T Industries	5,817,040	25,101

	Holding	Value at 31 Dec 94 £'000s
Booker	2,835,000	11,283
Brammer	200,000	700
British Petroleum	3,359,580	14,278
British Sky Broadcasting	220,000	563
British Steel	2,750,000	4,208
British Telecommunications	4,260,000	16,082
BTR	8,049,196	
BTR warrants 1994/95	831,723	
BTR warrants 1995/96	495,033	24,778
BTR warrants 1997	461,700	
BTR warrants 1998	276,340	
Cable and Wireless	4,659,334	17,496
Dalgety	687,200	2,890
Eastern Group	2,390,000	18,546
Electrocomponents	1,500,000	7,088
Eurotunnel	4,828,800	13,940
Eurotunnel warrants	3,018,000	
F. & C. Buy-out Trust 'A' #	10,000	264
First National Finance	1,875,000	
First National Finance 7% conv pref.	788,926	2,419
First National Finance 6.3% conv. pref.	684,000	
Fisons	1,600,000	1,760
Foreign & Colonial Emerging Markets Investment Trust	15,000,000	
Foreign & Colonial Emerging Markets Investment Trust "C"	500,000	22,245
Foreign & Colonial Emerging Markets Investment Trust warrants	6,000,000	
Foreign & Colonial Enterprise Trust	8,633,975	6,087
Foreign & Colonial Private Equity Trust (partly paid)	1,250,000	569
General Electric Company	5,469,918	15,015
Glaxo	2,681,000	17,748
Grand Metropolitan	630,000	2,564
Great Universal Stores	1,450,000	7,837
Guardian Royal Exchange	1,797,446	2,984
Harrisons & Crosfield	5,955,000	8,277
Iceland	550,755	832
Inchcape	775,000	3,317
Kingfisher	1,680,285	7,444
Ladbroke Group	2,107,077	3,603
Land Securities	475,000	2,831
LASMO	4,441,665	6,602
LASMO oil production units	140,000	
Legal & General Group	1,960,000	8,467
Logica	1,900,000	6,175
National Power	280,000	1,369
National Westminster Bank	1,515,000	7,787

List of Investments *(continued)*

Parent company excluding associated and subsidiary undertakings

LISTED INVESTMENTS	Holding	Value at 31 Dec 94 £'000s
North West Water Group	1,863,407	10,100
Paterson Zochonis	105,000	2,147
Paterson Zochonis 'A'	400,000	
Pearson	726,745	4,033
Peninsular & Oriental Steam Nav.	1,323,333	8,072
Portals Holdings	665,000	6,820
Provident Financial Group	1,692,850	9,260
Redland	1,843,902	8,473
Rentokil	6,350,000	14,542
RJB Mining	602,213	1,951
RMC Group	400,000	3,740
RTZ Corporation	2,216,615	18,320
Sainsbury J.	1,165,000	4,788
Scapa Group	1,550,000	2,976
Shell Transport & Trading	5,880,000	40,925
SmithKline Beecham 'A'	1,080,432	4,894
Smiths Industries	1,860,000	8,147
Southern Electric	1,610,000	12,993
Sun Alliance Group	652,000	1,878
Suter	2,150,000	
Suter warrants 1996–1998	293,449	3,514
Suter warrants 1999-2004	215,000	
Tarmac	3,385,416	4,046
Tomkins	2,424,651	5,334
Unilever	225,000	2,606
Unitech	800,000	2,800
Vodafone Group	5,639,612	11,928
Wagon Industrial Holdings	780,000	
Wagon Industrial Holdings 7.25% conv. pref.	1,557,173	5,659
Wellcome	514,638	3,608
Total Equities and Convertibles		**542,652**
Bonds		
Treasury Stock 11.75% 2003/7	£8,000,000	9,153
Treasury Stock 13.50% 2004/8	£11,000,000	14,402
Treasury Stock 12.50% 2003/5	£24,000,000	29,279
Treasury Stock 8.75% 2017	£44,500,000	46,867
Total Bonds		**99,701**
Total United Kingdom		**642,353**
Total Listed Investments		**1,549,471**

UNLISTED INVESTMENTS	Holding	Value at 31 Dec 94 £'000s
Equities		
F. & C. Ventures Limited Partnership II	500	
F. & C. Ventures Limited Partnership II loan stock	£799,500	1,653
Robert Fleming Holdings	7,050,000	32,783
GAN Life	259,509	568
Hypo Foreign & Colonial		
Japanese Growth Fund	20,999,581	4,929
UK Growth Fund	1,710,000	1,823
Total Equities		**41,756**
Bonds		
Foreign & Colonial Smaller Companies 11.5% debenture 2014	£10,000,000	11,850
Total United Kingdom		**53,606**
United States		
U.S. Ventures	805,534	1,367
Fuel Technology	185,000	680
Venture Associates	135	399
Total United States		**2,446**
Other Countries		
Peregrine International	3,200	3,424
GP Capital Partners	1	689
Korea International Trust IDR's	25	935
Korea Trust units	15,000	580
Others individually valued at less than £100,000		64
Total Other Countries		**5,692**
Total Unlisted Investments		**61,744**
Total Portfolio (excluding associated and subsidiary undertakings)		**1,611,215**

** Listed in Great Britain*
 # Listed outside Great Britain
The total number of companies in the portfolio is 268 (1993–265)
The value of convertible securities in the portfolio at 31 December 1994 is £19,933,000 or 1.3% of total consolidated assets less current liabilities (1993–£17,809,000 or 1.1%)

Directors and Management

DIRECTORS

John Sclater *§ *Chairman* is 54. He was appointed a director in 1981 and became Chairman in 1985. He is Chairman of Hill Samuel Bank Limited, Berisford International PLC and Foreign & Colonial Enterprise Trust PLC; Deputy Chairman of Union PLC and Yamaichi International (Europe) Limited; President of The Equitable Life Assurance Society; a director of James Cropper PLC and Delian Lloyd's Investment Trust PLC. He is a trustee of The Grosvenor Estate, a member of the Council of the Duchy of Lancaster and a member of the CBI City Advisory Group.

Andrew Barker † is 49 and is head of the Group's North American Department. He joined the Group in 1970 and was appointed a director in 1991. He is Chairman of The Bankers Investment Trust PLC and River & Mercantile American Capital and Income Trust PLC, a Deputy Chairman of the Association of Investment Trust Companies and a director of Foreign & Colonial Smaller Companies PLC, Foreign & Colonial Enterprise Trust PLC and Foreign & Colonial U.S. Smaller Companies PLC.

Sir Timothy Bevan *§ *Deputy Chairman,* 67, was appointed a director in 1988 and is Chairman of the Audit Committee. He was Chairman of Barclays Bank PLC from 1981 to 1987.

Oliver Dawson † is 64 and was appointed a director in 1982. He is a director of Foreign & Colonial Management which he joined in 1981 after 27 years with a firm of stockbrokers preceded by a brief spell in the discount market. He is a director of Foreign & Colonial PEP Investment Trust PLC and Foreign & Colonial Income Growth Investment Trust PLC. He is a Church Commissioner and a member of both the investment advisory committee of the Nuffield Foundation and the consultative committee of the Cambridge University Council.

Sir John Egan * is 55 and was appointed a director in 1985. He is Chairman of the London Tourist Board Limited, Chief Executive of BAA plc and a director of Legal & General Group PLC and the British Tourist Authority Limited.

Eric Elstob †*Joint Manager* is 51 and has been with Foreign & Colonial Management for 29 years. He was appointed to the board in 1973. His other directorships include TR Smaller Companies PLC, G.T. Japan Investment Trust PLC, Bangkok Investments and the World Trust Fund. He is Deputy Chairman of Foreign & Colonial Eurotrust PLC, Foreign & Colonial German Investment Trust PLC and Foreign & Colonial Pacific Investment Trust PLC.

Haruko Fukuda * is 48 and was appointed a director in 1988. She is Japanese and is Vice-Chairman of Nikko Europe Plc.

Michael Hart †§*Joint Manager* is 62. He is Chairman of Foreign & Colonial Management and has been with the Group for 41 years. He became a director in 1973 and is also Chairman of Brazilian Smaller Companies Investment Trust PLC and Latin American Investment Trust PLC, a director of Foreign & Colonial PEP Investment Trust PLC, Foreign & Colonial Smaller Companies PLC, Foreign & Colonial High Income Trust PLC and Foreign & Colonial Emerging Markets Investment Trust PLC, a member of the Investment Committee of the BP Pension Fund and an adviser to the British Steel Pension Fund.

Lord Kingsdown * is 68 and was appointed a director in 1993 following his retirement as Governor of the Bank of England. He is also a director of Glaxo Holdings plc, Hambros PLC and Redland PLC.

Lord Nicholas Gordon Lennox *§ is 64 and was appointed a director in 1990 after a distinguished career in the Diplomatic Service in which his last post was Ambassador to Spain. He is a director of Sotheby's and a Governor of the BBC.

Directors and Management *(continued)*

The Hon James Ogilvy † is 60 and was appointed to the board in 1989. He was a partner of Rowe & Pitman, the stockbrokers, for many years and Vice-Chairman of Mercury Asset Management before becoming Chief Executive of Foreign & Colonial Management in 1988. He is also a director of Foreign & Colonial Emerging Markets Investment Trust PLC.

Lord Rockley * is 60 and was appointed a director in 1991. He is Chairman of Kleinwort Benson Group plc and a director of Abbey National plc, Christies International plc and other companies.

† Executive director of Foreign & Colonial Management Limited.
**Independent non-executive director. With the exception of the Chairman, these directors constitute the Audit Committee.*
§ Member of the Nomination Committee.

MANAGEMENT

Arnab Banerji * is Chief Investment Officer of Foreign & Colonial Emerging Markets Limited. He is 38 and joined the Group in 1993.
Rob Donkin † is Joint Company Secretary of Foreign & Colonial Management Limited. He is 49 and joined the Group in 1973.
Robert Dowdall † is Finance Director of Foreign & Colonial Management Limited. He is 48 and joined the Group in 1990.
Nick Pitt-Lewis † is Compliance Director of Foreign & Colonial Management Limited. He is 41 and joined the Group in 1992.
Tony Thomson † is Chief Investment Officer of Foreign & Colonial Management Limited. He is 52 and joined the Group in 1994.
Jeremy Tigue † is 35 and joined the Group in 1981. He assists Michael Hart in the management of the UK portfolio.
Graham Walker † is Chief Operating Officer and Group Finance Director of the Foreign & Colonial Management Group. He is 48 and joined the Group in 1994.
Stephen White † manages the Group's investment trust European portfolios. He is 39 and joined the Group in 1985.
Ian Wright † manages the Group's investment trust Japanese portfolios. He is 41 and joined the Group in 1981.

** Director of Foreign & Colonial Emerging Markets Limited.*
† Executive director of Foreign & Colonial Management Limited.

Secretary and Registered Office Foreign & Colonial Management Limited, Exchange House, Primrose Street, London EC2A 2NY.
Authorised Institution under the Banking Act 1987
Regulated by the Investment Management Regulatory Organisation Limited (IMRO) and the Personal Investment Authority.
Registered in England.
Telephone: 0171-628 8000, Telex: 886197 or 8811745 (FORCOL G), Facsimile: 0171-628 8188.
Bankers The Royal Bank of Scotland plc, The Bank of New York, The Fuji Bank Limited
Registrars The Royal Bank of Scotland plc, Registrar's Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR. Telephone: 0131-556 8555.
Auditors Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

AI TC *Member of the Association of Investment Trust Companies*

Report of the Directors

The directors present the financial statements of the Group and Company for the year ended 31 December 1994.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Foreign & Colonial Investment Trust Group is to carry on the business of investment management. A review of the business is given in the Chairman's Statement on pages 3 to 8 and in the Market Reviews on pages 17 to 24.

STATUS OF COMPANY

The Company is an investment company as defined by Section 266 of the Companies Act 1985.

During the year under review the Company carried on the business of an investment trust and has since conducted its affairs so as to continue to qualify as such under the provisions of Section 842 of the Income and Corporation Taxes Act 1988. The last accounting period for which the Company has been treated as approved by the Inland Revenue was for the year ended 31 December 1993.

The close company provisions of the Income and Corporation Taxes Act 1988, as amended, do not apply to the Company.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The principal subsidiary is Pountney Hill Holdings Limited, which, through its holding in Hypo Foreign & Colonial Management (Holdings) Limited, has an interest in 50% of Foreign & Colonial Management Limited. Details of the management agreement with Foreign & Colonial Management Limited are given on page 33.

Details of subsidiary and associated undertakings are given in note 12 on the accounts. Note 1 on the accounts states the accounting policies adopted.

CAPITAL

On 13 April 1994 the issued share capital of the Company was increased by a capitalisation of reserves and one new ordinary share was allotted for each ordinary share then held. To enable the capitalisation issue to be made the authorised capital of the Company was increased from £177,864,000 to £278,590,000.

CONSOLIDATED RESULTS AND DIVIDENDS

	£'000s	£'000s
Net revenue after taxation and minority interests		22,844
Dividends paid or payable:		
Preference Stock	94	
Ordinary Shares		
Interim of 0.60p per share paid 3 October 1994	6,306	
Proposed finals totalling 1.2787p per share payable on 28 April 1995 to shareholders registered at the close of business on 6 April 1995, of which 1.1255p will be in the form of a conventional dividend	11,830	
and 0.1532p as a foreign income dividend (FID)	1,610	
		19,840
Amount set aside to reserves		3,004

The final dividends now recommended of 1.1255p and 0.1532p per share, together with the interim dividend, make a total dividend of 1.8787p per ordinary share for the year ended 31 December 1994. This represents an increase of 6.7% over 1.76p per share (as adjusted in respect of the one for one capitalisation issue) for the previous year.

SUBSTANTIAL SHARE INTERESTS

At 8 March 1995 the Company had received notification of the following disclosable interests in its ordinary share capital:

	Ord. Shares	%
GAN Life Holdings PLC	42,243,686	4.02
Standard Life Assurance Company	41,622,812	3.96
Skandia Life Group	31,811,740	3.03

UNSECURED LOAN STOCK

£2,500,000 7.25% Debenture Stock 1989/94 was repaid at par on 1 December 1994.

TOKYO STOCK EXCHANGE LISTING

The Company's ordinary shares were delisted from the Tokyo Stock Exchange with effect from 30 November 1994.

DONATIONS

During the year the Group contributed £26,667 for charitable purposes. Further details of these donations are shown on page 35.

A donation of £12,500 was made to the Conservative Party following the passing of the resolution at the 1994 annual general meeting. A similar resolution will be proposed at this year's annual general meeting on 12 April 1995.

DIRECTORS

The directors of the Company, all of whom held office throughout the year under review, are listed on pages 30 and 31. Sir Timothy Bevan, Mr. O.N. Dawson, Miss Haruko Fukuda and the Hon. J.D.D. Ogilvy retire by rotation and, being eligible, offer themselves for re-election. Mr. E.C. Elstob has given notice of his intention to retire immediately after the annual general meeting.

MANAGEMENT

Foreign & Colonial Management Limited provides investment management and general administrative services to the Company for a quarterly fee of 0.075% based upon a three-year historic average of assets under management. The quarterly management fee is calculated on an amount equal to 0.075% of the average of the value of the funds of the Company managed by Foreign & Colonial Management (excluding all holdings in funds or companies managed or advised by the Manager or any of its subsidiaries) as at the relevant calculation date, a date one year before such calculation date and a date two years before such calculation date. The management agreement may be terminated upon three years' notice given by either party.

The Foreign & Colonial Group has arrangements under which stockbrokers pay for various investment services used by the Group in return for stated amounts of commission. Foreign & Colonial Management's policy is that this commission should not exceed 15% of total commission in any one year; in 1994 the figure was less than 11%.

It is the Company's policy to exercise its voting rights at shareholders' meetings of investee companies.

CORPORATE GOVERNANCE

Throughout the year under review the Company complied, where necessary, with all the major recommendations of the Code of Best Practice of the Cadbury Committee (The Committee on the Financial Aspects of Corporate Governance).

It is the responsibility of the board to ensure that there is effective stewardship of the Company's affairs. The board, which meets monthly, is comprised of twelve directors, five of whom are executive and seven of whom, including the Chairman, are non-executive directors. Strategic issues and all operational matters of a material nature are determined by the board.

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities which are readily realisable.

Guidelines relating to internal controls were issued recently. The board is reviewing these guidelines and will include a statement in the report and accounts for the year ended 31 December 1995.

Price Waterhouse have reviewed the Company's compliance with the specific matters in the Code which the London Stock Exchange requires that the Auditors should review. They have reported to the board that they are of the opinion that it is appropriate for the directors to make the statement on Corporate Governance contained in the Chairman's Statement on page 7.

AUDIT COMMITTEE

The non-executive directors of the Company, with the exception of the Chairman, constitute the Audit Committee, of which the "core" members are Sir Timothy Bevan (Chairman), Sir John Egan and Haruko Fukuda. The primary rôle of the Committee, which met on four occasions during the course of the year, is to review the accounting policies and the contents of the interim and annual reports, the adequacy and scope of the external audit and compliance with regulatory and financial reporting requirements. The Committee has direct access to the Auditors, Price Waterhouse, and the Compliance Director of Foreign & Colonial Management.

NOMINATION COMMITTEE

A Nomination Committee, comprising Mr. J.R. Sclater (Chairman), Sir Timothy Bevan, Lord Nicholas Gordon Lennox and Mr. M.J. Hart meets on an ad hoc basis to consider suitable candidates to recommend to the board for appointment as directors. All such appointments are subject to confirmation by shareholders.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution re-appointing them and authorising the directors to fix their remuneration will be submitted at the annual general meeting.

ANNUAL GENERAL MEETING

Since more special business is to be proposed at the forthcoming annual general meeting than usual, the enclosed separate circular has been prepared which includes the notice of the annual general meeting and notices of separate class meetings as well as details of the matters to be proposed at those meetings.

By order of the board.
Foreign & Colonial Management Limited, Secretary
8 March 1995

For and on behalf of
FOREIGN & COLONIAL MANAGEMENT LIMITED
.... SECRETARY

Information for Shareholders

CHARITABLE DONATIONS

During the year your Company contributed £12,000 to the City University to provide language bursaries for five students. The balance was given to 25 charities working to help the sick, the elderly, the homeless and the young, and conservation.

The following general notes are for guidance only. Investors are recommended to seek advice on their particular taxation position.

PEP STATUS

Your Company is not a Qualifying Investment Trust. The maximum value of Foreign & Colonial Investment Trust's shares that may be invested in a PEP in the fiscal years 1994/5 and 1995/6 is therefore £1,500.

CAPITAL GAINS TAX

An approved investment trust does not pay tax on capital gains. Individuals may realise net capital gains of up to £5,800 within the 1994/5 tax year without incurring any tax liability. Subject to enactment of the Finance Bill this amount is increased to £6,000 for the 1995/6 tax year. Net gains over £5,800 (£6,000 for 1995/6) are added to income and taxed at an individual's highest rate of income tax. Gains may be reduced by an appropriate adjustment for inflation. The base prices at 31 March 1982 for indexation relief, adjusted for capital changes are as follows:

	Unit of quotation	Market price
Ordinary Shares	25p	14.875p
3.5% cumulative preference stock	£1	32.50p
4.25% perpetual debenture stock	£100	£28.25

The Inland Revenue operates an optional rule for calculating the capital gains on shares purchased on a monthly basis through the Private Investor Plan. This allows purchases made within the Company's accounting year to be aggregated and treated as a single investment in July of that year. You are advised to keep a separate note of purchases through the Plan, as other purchases are not eligible for inclusion in the option. Guidance notes prepared by The Association of Investment Trust Companies are available free of charge from the Company.

INCOME TAX

The directors propose that an element of the final dividend will be payable as a foreign income dividend (FID). The income tax position of shareholders differs for the conventional and the FID elements of the dividend. Your dividend voucher will indicate how much of your dividend will be taxed as a conventional dividend and how much will be taxed as a FID.

The conventional part of your dividend carries a tax credit of 20%. Individual UK resident shareholders who are subject to income tax at the lower or the basic rate have no further tax liability. Shareholders liable to tax at the higher rate will have additional tax to pay. Shareholders who pay no tax can recover from the Inland Revenue the tax credit applicable to their dividends. Overseas investors not liable to UK income tax can obtain a form from the Financial Intermediaries and Claims Office (FICO), Inland Revenue, Fitz Roy House, PO Box 46, Nottingham, NG2 1BD.

The FID part of the final dividend does not carry a tax credit. Individual shareholders who are liable to income tax at the lower rate or the basic rate will have no further tax to pay on the FID. Higher rate taxpayers will have additional tax to pay, as is the case with a conventional dividend.

The increase in the proposed final dividend payable will ensure that all our shareholders, including those who are exempt from UK tax, will benefit from the proposed decision to pay a FID.

Non-UK resident shareholders should consult their own tax advisers in relation to the tax treatment of dividends.

If any shareholder is in doubt as to their tax position, they should consult their professional adviser.

Financial Statements

1994

Parent Company Revenue Account

for the year ended 31 December

Notes		£'000s	1994 £'000s	£'000s	1993 £'000s
2	**Dividends and interest on investments**				
	Franked		21,078		21,014
	Unfranked		28,528		28,720
			49,606		49,734
	Interest on loans and deposits		243		348
			49,849		50,082
	Underwriting commission		203		825
3	Other revenue		294		239
	Total revenue		50,346		51,146
5	Interest payable and similar charges		15,385		15,699
	Net revenue after interest payable		34,961		35,447
6	Expenses		7,011		6,413
	Net revenue on ordinary activities before taxation		27,950		29,034
9	Taxation		6,692		6,146
	Net revenue on ordinary activities after taxation		21,258		22,888
	Dividend on preference stock		94		94
	Net revenue attributable to ordinary shareholders		21,164		22,794
	Dividends on ordinary shares				
	Interim of 0.60p (1993 - 0.58p)	6,306		6,044	
	Proposed final of 1.1255p (1993 - 1.18p)	11,830		12,455	
	Proposed foreign income dividend of 0.1532p (1993 - nil)	1,610		-	
			19,746		18,499
22	**Amount set aside to reserve**		1,418		4,295
10	**Earnings per share**		2.01p		2.17p

Parent Company Statement of Total Recognised Gains and Losses

for the year ended 31 December

	1994 £'000s	1993 £'000s
Capital (deficit)/surplus on investing activities		
Realised gains and losses	53,122	109,423
Unrealised gains and losses	(191,656)	254,684
Exchange gains and losses	(3,836)	1,667
Other capital charges and credits	(1)	(57)
Expenses in respect of the capitalisation of reserves	(79)	-
	(142,450)	365,717
Unrealised surplus on revaluation of tangible fixed assets	-	80
Capital (deficit)/surplus for the year	(142,450)	365,797
Net revenue after taxation	21,258	22,888
Total recognised gains and losses for the year	(121,192)	388,685
Revenue profits		
Net revenue after taxation	21,258	22,888
Dividend on preference stock	(94)	(94)
Dividends on ordinary shares	(19,746)	(18,499)
Transfer to revenue reserve	1,418	4,295
Transfer (from)/to capital reserve	(142,450)	365,797
	(141,032)	370,092

All activities are continuing

Consolidated Revenue Account

for the year ended 31 December

Notes		£'000s	1994 £'000s	£'000s	1993 £'000s
2	**Dividends and interest on investments**				
	Franked		18,995		20,069
	Unfranked		28,528		28,720
			47,523		48,789
	Interest on loans and deposits		231		336
			47,754		49,125
	Share of profits of associated undertakings		9,271		7,138
	Underwriting commission		203		825
3	Other revenue		326		282
4	**Total revenue**		57,554		57,370
5	Interest payable and similar charges		15,395		15,711
	Net revenue after interest payable		42,159		41,659
6	Expenses		7,059		6,449
	Net revenue on ordinary activities before taxation		35,100		35,210
9	Taxation		9,401		8,496
	Net revenue on ordinary activities after taxation		25,699		26,714
	Minority interests		2,855		1,886
	Net revenue after taxation and minority interests		22,844		24,828
	Dividend on preference stock		94		94
	Net revenue attributable to ordinary shareholders		22,750		24,734
	Dividends on ordinary shares				
	Interim of 0.60p (1993 - 0.58p)	6,306		6,044	
	Proposed final of 1.1255p (1993 - 1.18p)	11,830		12,455	
	Proposed foreign income dividend of 0.1532p (1993 - nil)	1,610		-	
			19,746		18,499
22	**Amount set aside to reserve**		3,004		6,235
10	**Earnings per share**		2.16p		2.35p

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December

	1994 £'000s	1993 £'000s
Capital (deficit)/surplus on investing activities		
Realised gains and losses	53,122	109,423
Unrealised gains and losses	(192,637)	254,963
Exchange gains and losses	(3,833)	1,608
Other capital charges and credits	(1)	(57)
Expenses in respect of the capitalisation of reserves	(79)	-
	(143,428)	365,937
Unrealised surplus on revaluation of tangible fixed assets	-	80
Capital (deficit)/surplus for the year	(143,428)	366,017
Net revenue after taxation and minority interests	22,844	24,828
Total recognised gains and losses for the year	(120,584)	390,845
Revenue profits		
Net revenue after taxation and minority interests	22,844	24,828
Dividend on preference stock	(94)	(94)
Dividends on ordinary shares	(19,746)	(18,499)
Transfer to revenue reserve	3,004	6,235
Transfer (from)/to capital reserve	(143,428)	366,017
Revenue reserve movements in group undertakings	(8)	(1,181)
	(140,432)	371,071

All activities are continuing

Parent Company Balance Sheet

at 31 December

Notes		£'000s	1994 £'000s	£'000s	1993 £'000s
	Fixed assets				
11	**Tangible assets**		1,368		1,368
12	**Investments**				
	Listed in Great Britain	655,427		672,941	
	Listed outside Great Britain	894,044		950,560	
		1,549,471		1,623,501	
	Unlisted at Directors' valuation	61,744		64,487	
	Subsidiary undertakings	39,574		38,375	
			1,650,789		1,726,363
	Current assets				
13	Debtors	4,599		20,628	
14	Taxation recoverable	4,200		3,941	
	Cash at bank	388		869	
	Short term deposits	2,328		2,433	
		11,515		27,871	
	Current liabilities				
	Creditors: amounts falling due within one year				
15	Foreign currency and sterling loans	118,395		59,964	
16	Other	19,203		28,532	
		137,598		88,496	
	Net current liabilities		(126,083)		(60,625)
17	**Total assets less current liabilities**		1,526,074		1,667,106
	Creditors: amounts falling due after more than one year				
18	Debentures		(110,575)		(110,575)
			1,415,499		1,556,531
	Capital and reserves				
19	Called up share capital: including non-equity share capital		265,452		134,071
	Reserves				
20	Share premium	–		14	
21	Capital reserve	1,133,723		1,407,540	
22	Revenue reserve	16,324		14,906	
			1,150,047		1,422,460
			1,415,499		1,556,531

Approved by the board on 8 March 1995

J. R. Sclater

J. R. Sclater

M. J. Hart

M. J. Hart

Directors

Consolidated Balance Sheet

at 31 December

Notes		1994 £'000s	1994 £'000s	1993 £'000s	1993 £'000s
	Fixed Assets				
11	**Tangible assets**		1,368		1,368
12	**Investments**				
	Listed in Great Britain	655,427		672,941	
	Listed outside Great Britain	894,044		950,560	
		1,549,471		1,623,501	
	Unlisted at Directors' valuation	61,887		64,631	
	Associated undertakings	65,250		63,283	
			1,676,608		1,751,415
	Current assets				
13	Debtors	8,366		23,386	
14	Taxation recoverable	5,126		4,633	
	Cash at bank	395		875	
	Short term deposits	2,517		2,603	
		16,404		31,497	
	Current liabilities				
	Creditors: amounts falling due within one year				
15	Foreign currency and sterling loans	118,580		60,149	
16	Other	21,655		30,322	
		140,235		90,471	
	Net current liabilities		(123,831)		(58,974)
17	**Total assets less current liabilities**		1,554,145		1,693,809
	Creditors: amounts falling due after more than one year				
18	Debentures		(110,575)		(110,575)
	Minority equity interests		(25,364)		(24,596)
			1,418,206		1,558,638
	Capital and reserves				
19	Called up share capital: including non-equity share capital		265,452		134,071
	Reserves				
20	Share premium	–		14	
21	Capital reserve	1,133,500		1,408,295	
22	Revenue reserve	19,254		16,258	
			1,152,754		1,424,567
			1,418,206		1,558,638

Approved by the board on 8 March 1995

J. R. Sclater

M. J. Hart

Directors

Consolidated Cash Flow Statement

for the year ended 31 December

Notes		1994 £'000s	1994 £'000s	1993 £'000s	1993 £'000s
	Operating Activities				
	Investment income received	43,481		42,149	
	Interest received	232		362	
	Underwriting commission received	254		762	
	Other revenue	284		328	
	Investment management fees paid	(4,057)		(3,528)	
	Cash paid to and on behalf of directors	(129)		(110)	
	Other cash payments	(2,720)		(2,675)	
25	**Net cash inflow from operating activities**		37,345		37,288
	Returns on investments and servicing of finance				
	Dividend from associated undertaking	2,752		1,190	
	Interest paid	(15,247)		(15,843)	
	Preference dividend paid	(94)		(94)	
	Ordinary dividend paid	(19,834)		(18,226)	
	Net cash outflow from returns on investments and servicing of finance		(32,423)		(32,973)
	Taxation				
	UK Tax paid	(163)		(1,272)	
	Overseas tax paid	(2,276)		(1,216)	
	Total tax paid		(2,439)		(2,488)
	Investing activities				
	Purchases of fixed interest securities	(56,050)		(132,556)	
	Purchases of equities and other investments	(205,722)		(333,244)	
	Sales of fixed interest securities	3,532		107,574	
	Sales of equities and other investments	201,455		328,393	
	Capital expenses	(30)		(56)	
	Net cash outflow from investing activities		(56,815)		(29,889)
	Net cash outflow before financing		(54,332)		(28,062)
	Financing				
	Net sterling loans repaid	(3,400)		(37,640)	
	Net currency loans raised	59,595		50,957	
	Debentures/Unsecured loan stock repaid	(2,500)		(105)	
	Share capital raised in group undertakings	1,662		1,540	
	Expenses in respect of the capitalisation of reserves	(79)		-	
	Net cash inflow from financing		55,278		14,752
26	**Increase/(decrease) in cash and cash equivalents**		946		(13,310)

Notes on Accounts

1 ACCOUNTING POLICIES

The accounts have been prepared on the historical cost basis of accounting, modified to include fixed asset investments and freehold investment properties at valuation and have been prepared in accordance with applicable accounting standards, except as noted below for the carrying value of investments in associated undertakings.

Investments in associated undertakings are stated in the consolidated balance sheet at directors' or market valuation, which accords with the Group's accounting policy for investments, rather than the equity method as prescribed in Statement of Standard Accounting Practice 1. The effect of adopting this policy is set out in note 12 on the accounts.

As an investment trust, the parent company treats all transactions on the realisation and revaluation of investments held as fixed assets as transactions on capital account. These items, whether profits or losses, are not part of and are not reflected in the revenue account for the year but are credited or charged to capital reserve. Dealing profits of the investment dealing subsidiary undertakings are included in the consolidated revenue account. The consolidated accounts include the results of the parent company and all subsidiary undertakings for the year ended 31 December 1994.

Listed investments are shown at middle market value and unlisted investments at directors' valuation except that investments held by the dealing subsidiary undertakings are included in the consolidated balance sheet under the heading of current assets and are shown at the lower of cost and market value.

Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions.

Dividends and interest received from investments are credited to revenue on the due payment dates without making any adjustment for amounts accrued at the dates of acquisition and disposal of the securities.

Franked investment income includes the imputed tax credit attaching to dividends receivable and this tax has been written off within the taxation charge.

In accordance with Statement of Standard Accounting Practice 19 "Accounting for Investment Properties", the freehold property is valued periodically, the aggregate surplus or deficit being transferred to capital reserve, and no provision is made for depreciation. Compliance with Statement of Standard Accounting Practice 19 continues to require departure from the provisions of the Companies Act 1985 relating to depreciation. The departure is, in the opinion of the directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

Enhanced scrip dividends are included in the revenue account at an amount equivalent to the cash dividend foregone.

Foreign income dividends are included in the revenue account without the related notional income tax credit.

Deferred tax is provided in full on any material timing differences expected to crystallise in the foreseeable future.

Notes on Accounts *(continued)*

2 DIVIDENDS AND INTEREST ON INVESTMENTS

Company	Franked £'000s	Un-franked £'000s	1994 Total £'000s	Franked £'000s	Un-franked £'000s	1993 Total £'000s
Dividends						
Listed investments	17,502	17,326	34,828	18,908	16,716	35,624
Unlisted investments	3,576	90	3,666	2,106	58	2,164
Interest						
Listed investments	–	9,962	9,962	–	10,796	10,796
Unlisted investments	–	1,150	1,150	–	1,150	1,150
	21,078	28,528	49,606	21,014	28,720	49,734

Group	Franked £'000s	Un-franked £'000s	1994 Total £'000s	Franked £'000s	Un-franked £'000s	1993 Total £'000s
Dividends						
Listed investments	17,502	17,326	34,828	18,908	16,716	35,624
Unlisted investments	1,493	90	1,583	1,161	58	1,219
Interest						
Listed investments	–	9,962	9,962	–	10,796	10,796
Unlisted investments	–	1,150	1,150	–	1,150	1,150
	18,995	28,528	47,523	20,069	28,720	48,789

Unfranked dividends from listed investments include £60,000 in respect of enhanced scrip dividends received (1993 – £2,420,000) and £1,610,000 in respect of foreign income dividends received (1993 – £nil).

Investment income shown above includes interest received on British and Foreign Government Stocks and Bonds of £9,261,000 (1993 – £10,330,000). The interest accruing on such stocks during the year amounted to £9,544,000 (1993 – £4,140,000).

Franked income from unlisted investments in respect of the Company includes £2,098,000 (1993 – £965,000) received from subsidiary undertakings.

3 OTHER REVENUE

Included within other revenue of the Company and the Group is the sum of £197,000 (1993 : £182,000) in respect of stocklending fees receivable.

4 SEGMENTAL INFORMATION

Total consolidated revenue was received from the following geographical areas. 1993 comparatives are given in brackets.
UK : 68.0% (64.2%) North America : 11.7% (14.4%) Europe : 9.3% (13.5%) Far East : 4.2% (3.2%) Japan : 2.8% (2.5%)
Other : 4.0% (2.2%)

Substantially all expenses are incurred in the UK.

Income from interests in associated undertakings arises wholly within the UK.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Debenture stocks	12,566	12,566	12,581	12,581
7% unsecured loan stock	–	–	6	6
Foreign currency and sterling loans	2,810	2,820	3,096	3,096
Other	9	9	16	28
	15,385	15,395	15,699	15,711
The interest is further analysed as follows:				
Loans repayable within five years	2,986	2,996	3,300	3,312
Other loans	12,399	12,399	12,399	12,399
	15,385	15,395	15,699	15,711

6 EXPENSES

Under the arrangements for the Company's management and administration (see Report of the Directors and Note 7 for details), which commenced on 1 April 1985, the Group does not employ any staff.

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Management fees	4,057	4,057	3,528	3,528
Directors' emoluments:				
fees for services to group companies	130	140	115	115
pension to widow of former director	13	13	12	12
General expenses	2,735	2,767	2,700	2,731
Auditors' remuneration:				
audit fees	28	33	28	33
for audit related services	33	33	26	26
for non-audit services	15	16	4	4
	7,011	7,059	6,413	6,449

7 DIRECTORS' REMUNERATION

(a) Remuneration (including payments by subsidiary undertakings)

None of the directors is an employee of the Company. Mr. A. C. Barker, Mr. O. N. Dawson, Mr. E. C. Elstob, Mr. M. J. Hart and The Hon. James Ogilvy are employees of, and remunerated by, Foreign & Colonial Management Limited (FCM). The costs of their employment are met in full by FCM. They receive no emoluments from the Company. Details of the remuneration arrangements within FCM are given in Note 8. The annual management fee of 0.3% (based on a three-year historic average of assets under management) covers the services of the executive directors and all other investment management and general administrative services provided by FCM.

The proportion of their emoluments from FCM which relates to the management of the affairs of the Company or any of its subsidiary undertakings amounts to:

	1994 £'000s	1993 £'000s
Salaries and other benefits	164	157
Performance-related bonuses	165	258
Payments to pension schemes	147	19
	476	434

These amounts, which are paid by FCM, have been taken into account, together with the £140,000 (1993 – £115,000) paid by the Company and its subsidiaries to the other directors, in providing the following disclosures:

(i)

	Chairman		Highest Paid Director	
	1994 £'000s	1993 £'000s	1994 £'000s	1993 £'000s
Fees:				
Company	30	30	–	–
Subsidiary undertakings	10	–	–	–
Salaries and other benefits	–	–	104	102
Performance-related bonuses	–	–	145	217
Payments to pension schemes	–	–	125	13
	40	30	374	332

(ii) The emoluments (including performance-related bonuses but excluding payments to pension schemes), of the directors, including the Chairman, fell within the following bands:

	1994 Number	1993 Number
£0–£5,000	–	1
£10,001–£15,000	4	4
£15,001–£20,000	3	3
£20,001–£25,000	2	–
£25,001–£30,000	1	1
£30,001–£35,000	–	2
£35,001–£40,000	1	–
£245,001–£250,000	1	–
£315,001–£320,000	–	1

(b) Directors' interests in shares

The interests of the directors in the ordinary shares of the Company were as follows:

	31 December 1994 Beneficial	31 December 1994 Other	31 December 1993 Beneficial	31 December 1993 Other
A. C. Barker	88,390 *36,526	7,000	66,040 *38,162	–
Sir Timothy Bevan	3,000	–	3,000	–
O. N. Dawson	77,610 *38,424	250,000	69,712 *40,554	250,000
Sir John Egan	234,106	–	234,106	–
E. C. Elstob	158,044 *39,686	5,832	149,792 *41,322	5,832
Haruko Fukuda	16,000	–	16,000	–
Lord Nicholas Gordon Lennox	2,000	–	2,000	–
M. J. Hart	246,045 *40,740	1,300	234,780 *42,870	1,300
Lord Kingsdown	3,364	–	–	–
The Hon. James Ogilvy	3,390 *37,322	–	910 *34,022	–
Lord Rockley	2,389,000	2,476,000	2,389,000	2,476,000
J. R. Sclater	20,000	614,138	20,000	606,470

The holdings at 31 December 1993 have been adjusted in respect of the one for one capitalisation issue in April 1994.

**Shares allocated under the terms of the F. & C. Profit Sharing Schemes 1981 and 1990 as part of the performance-related bonus arrangements within FCM. The shares are held by the Trustees of the Schemes on behalf of these directors.*

Since the year end Mr. M. J. Hart has acquired a further 280 ordinary shares under the Private Investor Plan. There have been no changes in any of the other directors' shareholdings detailed above. No director held any interests in the issued stocks or shares of the Company other than stated above.

(c) Directors' interests in contracts with group companies

Other than the management agreement referred to in the Directors' Report on page 33, in which Mr. A. C. Barker, Mr. O. N. Dawson, Mr. E. C. Elstob, Mr. M. J. Hart and The Hon. James Ogilvy have an interest by reason of their employment with FCM, no contracts in which any director of the Company was materially interested and which were significant in relation to the Company's business have existed at any time during the year.

(d) Contracts of service

None of the directors has a contract of service with the Company. Mr. A. C. Barker, Mr. O. N. Dawson, Mr. E. C. Elstob, Mr. M. J. Hart and The Hon. James Ogilvy have two-year rolling contracts with FCM.

Notes on Accounts *(continued)*

8 REMUNERATION AND SHARE OPTION ARRANGEMENTS WITHIN FOREIGN & COLONIAL MANAGEMENT LIMITED (FCM)

Salaries and performance-related bonuses awarded to the directors and staff of FCM are approved by a Remuneration Committee appointed by the board of Hypo Foreign & Colonial Management (Holdings) Limited (HFCM). The members of this Committee are:

John Sclater, Chairman, Foreign & Colonial Investment Trust PLC

Lord Rockley, Director, Foreign & Colonial Investment Trust PLC

Martin Kölsch, Director, Bayerische Hypotheken-und Wechsel-Bank

The Remuneration Committee also approves the grant of options to directors and staff of FCM under the FCM Share Option Scheme, details of which are set out below.

Remuneration Committee decisions are made on the basis of rewarding individuals for their performance, initiative and effort and the need to retain top quality, highly motivated professionals taking into consideration the remuneration being paid by competing firms in the City of London.

The F. & C. Management Share Option Scheme was established in 1985. The scheme is not approved by the Inland Revenue and therefore the realised gain on the exercise of options (i.e. the excess of the market value of the shares acquired on exercise over the amount paid for them, including the amount paid on grant of the option) is subject to income tax at the time of exercise. The maximum number of ordinary shares in FCM under option is limited to 10% of the number of ordinary shares in issue at any time.

Shares issued pursuant to the exercise of options are required to be sold immediately on issue to HFCM at a price calculated, in the case of options issued prior to 31 March 1994, by reference to a fixed multiple of group pre-tax earnings per share of FCM, or, in the case of options issued on or after 31 March 1994, at a price derived from a valuation of FCM provided by an independent valuer.

During 1994 options in respect of 93,720 ordinary shares in FCM were exercised by 11 directors and staff of FCM for which the aggregate consideration paid by the option holders was £507,000 and the aggregate consideration for the purchase by HFCM of the shares issued pursuant to the exercise of such options was £3,274,000. £999,000 of this aggregate purchase consideration was funded by the Company by means of subscription for additional shares in Pountney Hill Holdings Limited (PHH), a subsidiary of the Company, which in turn subscribed for additional shares in HFCM.

At 31 December 1994, options in respect of 281,130 ordinary shares in FCM, representing 8.2% of the ordinary shares in issue at that date, were held by 33 directors and staff of FCM. These options have exercise periods between the years 1995 to 2001. On the basis of the exercise prices applying at 31 December 1994, the aggregate consideration payable by the option holders to FCM woud be £4,857,000. The aggregate consideration for the purchase by HFCM of the shares issued pursuant to the exercise of such options would presently be £11,311,000. The Company would, under normal circumstances, expect to fund £3,450,000 of this consideration by means of subscription for additional shares in PHH, which in turn would subscribe for additional shares in HFCM.

Options in respect of 141,080 ordinary shares in FCM are exercisable in 1995. Were all these options to be exercised, the aggregate consideration payable by the option holders to FCM would be £794,000. The aggregate consideration for the purchase by HFCM of the shares issued pursuant to the exercise of such options would be £6,176,000. The Company would expect to fund £1,884,000 of this consideration by means of subscription for additional shares in PHH, which in turn would subscribe for additional shares in HFCM.

9 TAXATION

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Corporation tax at 33% (1993 – 33%)				
Company and group undertakings	1,700	4,822	1,718	4,305
Relief for overseas tax	(1,700)	(1,700)	(1,718)	(1,719)
	–	3,122	–	2,586
Overseas tax	2,058	2,064	1,718	1,722
Imputed tax credit on franked income	4,216	3,799	4,428	4,191
Irrecoverable advance corporation tax	418	418	–	–
Adjustment for prior years	–	(2)	–	(3)
	6,692	9,401	6,146	8,496

10 EARNINGS PER SHARE

The basic earnings per share are calculated on the 'net' basis of consolidated earnings of £22,750,000 (1993 – £24,734,000), and Company earnings of £21,164,000, (1993 – £22,794,000) and on 1,051,047,680 (1993 – same) ordinary shares in issue at the year end, after taking into account in each year the 1 for 1 capitalisation issue in April 1994. Earnings on the 'nil' basis are £23,168,000 (2.20p per share) in respect of consolidated earnings and £21,582,000 (2.05p per share) for the Company in 1994. Earnings on the 'net' and 'nil' basis for 1993 were the same.

11 TANGIBLE ASSETS

	Freehold investment property		Paintings		Total	
	Company £'000s	Group £'000s	Company £'000s	Group £'000s	Company £'000s	Group £'000s
Cost or valuation at 1 January and 31 December 1994	1,360	1,360	8	8	1,368	1,368

The freehold investment property and paintings are owned jointly by three investment trusts managed by Foreign & Colonial Management Limited and the amounts shown above represent this Company's proportion. An independent valuation of the freehold property was conducted by Chesterton's at 31 December 1993 on the basis of the open market value for its existing use. The original cost of the property plus additions was £2,853,000 against which depreciation of £264,000 would have been provided under historical cost accounting rules. Paintings are included at cost.

12 INVESTMENTS

	Valuation Company £'000s	Valuation Group £'000s	Cost Company £'000s	Cost Group £'000s
Balance at 1 January 1994	1,726,363	1,751,415	882,352	895,657
Purchases	251,791	253,454	251,791	253,454
Sales	(188,831)	(188,831)	(135,709)	(135,709)
Realised profit on sale of investments	53,122	53,122	–	–
Decrease in unrealised appreciation	(191,656)	(192,552)	–	–
Balance at 31 December 1994	1,650,789	1,676,608	998,434	1,013,402

Subsidiary undertakings

	Company 1994 £'000s	Company 1993 £'000s
Shares at cost or valuation less provision for losses	42,596	41,398
Amounts due from subsidiary undertakings	226	225
	42,822	41,623
Amount due to subsidiary undertaking	(3,248)	(3,248)
	39,574	38,375

The following were subsidiary undertakings at 31 December 1994

Company and business	Country of registration, incorporation & operation	No. & class of shares held	Holding %	Capital & reserves at 31.12.94 £'000s	Profit after tax for the year ended 31.12.94 £'000s
Amphion Securities Limited (investment dealing)	England	134,400 shares of £1	64.0	171	7
Anglo-Nippon Trust Limited (dormant) (investment trust – used only as nominee company)	England	5,250,000 shares of 25p	100.0	3,248	–
C. & L. Securities Limited (dormant)* (investment dealing)	England	1,000 shares of £1	90.9	–	–
F. & C. Securities Limited (dormant) (investment dealing)	England	100 shares of £1	100.0	(538)	–
Martindale Securities Limited (venture capital)	England	64 shares of £1	64.0	(361)	4
Pountney Hill Holdings Limited (investment holding)	England	985,244 shares of £1	61.0	65,253	3,718

The percentage shareholding specified above corresponds directly to the voting rights of the parent undertaking in each of the subsidiary undertakings.

*C. & L. Securities Limited is in the process of members' voluntary liquidation.

Associated undertakings

At 31 December 1994 the Group held more than 20% of one class of the equity of the following undertaking:

Group and business	Country of registration, incorporation & operations	No & class of shares held	Holding %	Share of profit before tax for the year ended 31.12.94 £'000s	Share of taxation for the year ended 31.12.94 £'000s	Profit for the year ended 31.12.94 £'000s	Share of retained profits at 31.12.94 £'000s	Share of retained profits at 31.12.93 £'000s	Capital & reserves at 31.12.94 £'000s
Hypo Foreign & Colonial Management (Holdings) Limited	England	1,041,229 'A' shares of £1	30.5	5,655	1,905	10,759	1,577	593	15,605

The company acts as a holding company for other group companies.

As disclosed in the accounting policies note, the above company has been included in the consolidated balance sheet at directors' valuation. The effect of adopting this policy is to increase the consolidated net assets by £27,087,000 (1993 – £27,884,000).

Substantial interests

At 31 December 1994 the Company held more than 5% of one class of the share capital of the following undertakings held as investments, none of which represented a participating interest.

	Country of registration & incorporation	No. & class of shares held	Holding %
F. & C. Buy-out Trust	Jersey	10,000 'A' units of £100	10.0
Foreign & Colonial Emerging Markets Investment Trust PLC	England	15,000,000 ordinary shares of 10p	15.0
		6,000,000 warrants	30.1
Foreign & Colonial Enterprise Trust PLC	England	8,633,975 ordinary shares of 10p	9.2
Foreign & Colonial German Investment Trust PLC	England	3,304,434 ordinary shares of 25p	8.4
		525,886 warrants	6.7
Hypo Foreign & Colonial Portfolios Fund SICAV:	Luxembourg		
American Equity		110,000 shares	42.9
American Smaller Companies Equity		1,300,516 shares	40.1
Mediterranean Equity		48,828 shares	15.4
Nordic Equity		123,600 shares	72.5
Asian Equity		126,670 shares	16.5
Latin American Investment Trust PLC	England	3,832,450 ordinary shares of US$0.10	5.1
		766,490 warrants	5.1

13 DEBTORS

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Investment debtors	4,127	4,127	20,256	20,256
Amounts owed by associated undertakings	–	3,758	–	2,754
Prepayments and accrued income	426	435	141	145
Other debtors	46	46	231	231
	4,599	8,366	20,628	23,386

14 TAXATION RECOVERABLE

Company and Group

Taxation recoverable includes advance corporation tax recoverable of £2,958,000 (1993 – £3,114,000) in respect of the proposed final dividend on ordinary shares which in the opinion of the directors will be fully recoverable against tax credits on franked income to be received in 1995. The proposed foreign income dividend of £1,610,000 is paid from the related source income of foreign income dividends received and in consequence does not incur a potential advance corporation tax liability.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR FOREIGN CURRENCY AND STERLING LOANS

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Yen 17,450,000,000 repayable January 1995	111,795	111,795	-	-
£6,600,000 repayable January 1995	6,600	6,600	-	-
Yen 8,250,000,000 repaid January 1994	-	-	49,964	49,964
£10,000,000 repaid January 1994	-	-	10,000	10,000
Other	-	185	-	185
	118,395	118,580	59,964	60,149

At 8 March 1995 borrowings of the Group totalled £99,615,000

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR OTHER

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Bank overdrafts	74	81	90	90
Investment creditors	1,433	1,433	9,817	9,817
Other creditors	147	194	75	83
Proposed final dividend on ordinary shares	11,830	13,278	12,455	13,528
Proposed foreign income dividend on ordinary shares	1,610	1,610	–	–
Advance corporation tax	3,375	4,304	3,114	3,802
Accruals and deferred income	734	755	481	502
7.25% debenture stock 1989/94 secured	-	-	2,500	2,500
	19,203	21,655	28,532	30,322

17 SEGMENTAL INFORMATION: CONSOLIDATED TOTAL ASSETS LESS CURRENT LIABILITIES

Geographical and industrial classification

	UK %	North America %	Europe %	Japan %	Far East %	Others %	1994 Group Total %	1993 Group Total %
Assets								
Equities and convertibles								
Mineral Extraction	4.9	0.4	1.0	–	–	0.3	6.6	5.9
General Manufacturers	7.0	4.4	3.8	8.4	1.4	–	25.0	22.7
Consumer Goods	4.9	3.5	2.4	0.6	–	0.2	11.6	12.1
Services	6.0	6.4	1.6	1.9	0.4	–	16.3	18.2
Utilities	5.7	0.8	2.3	–	0.8	0.5	10.1	9.9
Financials	8.2	3.3	2.8	1.5	2.8	0.9	19.5	22.1
Investment Trusts	1.7	0.1	0.3	–	0.2	0.5	2.8	3.7
Miscellaneous	–	0.3	–	0.3	0.1	–	0.7	0.2
Total	38.4	19.2	14.2	12.7	5.7	2.4	92.6	94.8
Fixed interest	6.7	0.7	–	–	–	0.3	7.7	5.0
Total investments	45.1	19.9	14.2	12.7	5.7	2.7	100.3	99.8
Freehold property and paintings	0.1	–	–	–	–	–	0.1	0.1
Net current (liabilities)/assets	(0.5)	–	–	0.1			(0.4)	0.1
Consolidated total assets less current liabilities (excluding loans)	**44.7**	**19.9**	**14.2**	**12.8**	**5.7**	**2.7**	**100.0**	–
1993 Totals	44.4	22.1	13.5	9.7	7.5	2.8	–	100.0
Financed by:								
Debentures	6.6	–	–	–	–	–	6.6	6.3
Foreign currency and sterling loans	0.4	–	–	6.7	–	–	7.1	3.4
Preference stock	0.2	–	–	–	–	–	0.2	0.2
Equity shareholders' exposure	37.5	19.9	14.2	6.1	5.7	2.7	86.1	90.1
Total funds employed	**44.7**	**19.9**	**14.2**	**12.8**	**5.7**	**2.7**	**100.0**	100.0

Note: Geographical classification for the investments held as fixed assets is determined by the location of the major part of those companies' business.
The net assets of associated undertakings are all located in the UK.

18 DEBENTURES

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
11.25% debenture stock 2014 secured	110,000	110,000	110,000	110,000
4.25% perpetual debenture stock secured	575	575	575	575
	110,575	110,575	110,575	110,575

The above debentures are secured by floating charges against the assets of the Company.

19 SHARE CAPITAL

	Authorised Number	Nominal £'000s	Issued, allotted and paid up Number	Nominal £'000s
Non-equity share capital				
3.5% cumulative preference stock	2,690,000	2,690	2,690,000	2,690
Equity share capital				
Ordinary shares of 25p each:				
Balance at 1 January	700,696,000	175,174	525,523,840	131,381
Increase in authorised share capital	402,904,000	100,726	–	–
Additional shares issued in respect of the capitalisation issue in April 1994	–	–	525,523,840	131,381
Balance at 31 December	1,103,600,000	275,900	1,051,047,680	262,762

20 SHARE PREMIUM

	1994 £'000s	1993 £'000s
Balance at 1 January	14	14
Capitalisation of reserves on the issue of ordinary shares	(14)	–
Balance at 31 December	nil	14

21 CAPITAL RESERVE

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Balance at 1 January	1,407,540	1,408,295	1,041,743	1,042,278
Net surplus on realisation of investments during the year	53,122	53,122	109,423	109,423
Exchange gains and losses	(3,836)	(3,833)	1,667	1,608
Other capital charges and credits	(1)	(1)	(57)	(57)
Capitalisation of reserves on the issue of ordinary shares	(131,367)	(131,367)	–	–
Expenses in respect of the capitalisation of reserves	(79)	(79)	–	–
Surplus on revaluation of freehold investment property	–	–	80	80
(Decrease)/increase in unrealised appreciation on investments	(191,656)	(192,637)	254,684	254,963
Balance at 31 December	1,133,723	1,133,500	1,407,540	1,408,295
Representing:				
Capital reserve	481,368	485,358	563,529	567,516
Unrealised appreciation on investments	652,355	648,142	844,011	840,779
	1,133,723	1,133,500	1,407,540	1,408,295

The unrealised appreciation on investments is the difference between the valuation of investments at 31 December and the cost of those investments.

22 REVENUE RESERVE

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Balance at 1 January	14,906	16,258	10,611	11,204
Amount set aside to reserve	1,418	3,004	4,295	6,235
Capitalisation of reserves on a bonus issue of shares in group undertakings	–	–	–	(1,196)
Exchange gains and losses in group undertakings	–	(8)	–	15
Balance at 31 December	16,324	19,254	14,906	16,258

23 RECONCILIATION OF MOVEMENT IN ORDINARY SHAREHOLDERS' FUNDS

	1994 Company £'000s	1994 Group £'000s	1993 Company £'000s	1993 Group £'000s
Net revenue after taxation and minority interests	21,258	22,844	22,888	24,828
Dividends	(19,840)	(19,840)	(18,593)	(18,593)
Capitalisation of reserves on a bonus issue of shares in group undertakings	–	–	–	(1,196)
Exchange gains and losses in group undertakings	–	(8)	–	15
Other recognised net gains and losses for the year	(142,450)	(143,428)	365,797	366,017
Net (reduction)/addition to ordinary shareholders' funds	(141,032)	(140,432)	370,092	371,071
Ordinary shareholders' funds at 1 January	1,553,841	1,555,948	1,183,749	1,184,877
Ordinary shareholders' funds at 31 December	1,412,809	1,415,516	1,553,841	1,555,948

24 CONTINGENT LIABILITIES

	1994 Company £'000s	1993 Company £'000s
Uncalled liabilities on nil and partly paid holdings	569	Nil

The Company has guaranteed rental payments to third parties in respect of properties leased by Foreign & Colonial Management Limited. The current annual rentals in respect of these guarantees are £1,700,000.

NOTES ON CONSOLIDATED CASH FLOW STATEMENT

25 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994 Group £'000s	1993 Group £'000s
Net revenue on ordinary activities before taxation	35,100	35,210
Add back interest payable	15,395	15,711
Income before interest payable and taxation	50,495	50,921
Increase in accrued income	(178)	(34)
(Increase) in other debtors	(1,336)	(2,252)
Increase in creditors	1,478	2,402
Enhanced scrip dividends	(60)	(2,420)
Adjustment to exclude share of profits of associated undertakings	(9,271)	(7,138)
Tax on franked investment income included within income from UK companies	(3,783)	(4,191)
Net cash inflow from operating activities	37,345	37,288

26 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1994 Group £'000s	1993 Group £'000s
Balance at 1 January	3,388	16,014
Exchange gains and losses	(1,503)	684
Net cash inflow/(outflow)	946	(13,310)
Balance at 31 December	2,831	3,388
Represented by:		
Cash	395	875
Short term deposits	2,517	2,603
Bank overdrafts	(81)	(90)
	2,831	3,388

Directors' Statement of Responsibility

As required by company law, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and Group as at 31 December 1994 and of the results for that year.

In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The balance sheet treatment of the Group's investment in associated undertakings is explained in the accounting policies in note 1 on the accounts. In all other respects the financial statements are prepared in accordance with applicable accounting standards and on a going concern basis. The Directors are also responsible for ensuring that adequate accounting records are maintained and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditors' Report

To the Members of Foreign & Colonial Investment Trust PLC.

We have audited the financial statements on pages 38 to 56 which have been prepared under the historical cost convention, modified to include fixed asset investments and freehold investment properties at valuation, and the accounting policies set out on page 43.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1994 and of the net revenue, total recognised gains and losses of the Company and the Group and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

8 March 1995

Ten Year Record

Assets

at 31 December

£m†	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	**1994**
Total assets less current liabilities (excluding loans)	539	632	858	801	928	1,166	983	1,175	1,358	1,756	**1,673**
Prior charges (including loans)	84	125	149	166	187	118	186	198	164	173	**232**
Available for ordinary shares	455	507	709	635	741	1,048	797	971	1,185	1,556	**1,416**
Net asset value per share* (prior charges at nominal value)	43.4p	48.3p	67.4p	60.5p	70.5p	99.7p	75.9p	92.4p	112.8p	148.0p	**134.7p**
Mid-market price per share*	32.3p	35.0p	54.5p	45.0p	54.5p	84.0p	67.8p	85.3p	104.8p	146.8p	**135.5p**
High*	32.5p	36.8p	54.8p	72.5p	56.3p	84.8p	87.3p	91.0p	106.0p	147.0p	**155.0p**
Low*	24.8p	29.5p	34.0p	43.0p	45.3p	54.3p	62.5p	62.0p	75.0p	101.5p	**127.5p**

Revenue

year ended 31 December

£'000s†	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	**1994**
Total revenue	20,968	21,691	26,527	29,935	32,619	35,090	43,974	48,234	48,271	57,370	**57,554**
Interest payable	8,015	8,015	11,208	11,569	12,334	9,927	15,618	16,489	15,130	15,711	**15,395**
Expenses	1,396	1,676	2,024	2,686	3,193	3,982	5,232	5,501	5,677	6,449	**7,059**
Net revenue before taxation	11,557	12,000	13,295	15,680	17,092	21,181	23,124	26,244	27,464	35,210	**35,100**
Taxation	4,636	3,970	4,176	4,484	5,061	6,020	5,753	7,493	7,601	8,496	**9,401**
Available for ordinary shares	6,827	7,936	9,025	11,102	11,937	15,067	17,277	18,236	19,206	24,734	**22,750**
Earnings per share*	0.65p	0.76p	0.86p	1.06p	1.14p	1.44p	1.65p	1.74p	1.83p	2.35p	**2.16p**
Dividends per share*	0.64p	0.74p	0.85p	0.98p	1.13p	1.30p	1.45p	1.60p	1.68p	1.76p	**1.88p**

* Adjusted for the 1 for 1 capitalisation issues in 1985 and 1994.

† Accounts for the years 1983 to 1991 were not consolidated, but the figures for 1991 have been restated on a consolidated basis. The accounts for 1992 and subsequent years were prepared on a consolidated basis.

Analysis of Ordinary Shareholders

at 31 December

Percentage of share capital held by:	1989	1990	1991	1992	1993	**1994**
Investment companies	6.3	6.3	5.6	3.5	1.8	**1.4**
Insurance companies	24.6	22.4	22.3	22.7	19.1	**19.1**
Other companies	2.9	3.4	3.6	3.6	2.6	**1.9**
Pension funds	22.9	21.4	17.2	15.3	15.3	**12.6**
Universities, schools and other corporate bodies	4.8	4.2	4.0	3.9	3.1	**2.4**
Bank and other nominee companies	13.1	13.0	12.3	12.1	12.2	**13.3**
Individuals	25.4	29.3	35.0	38.9	45.9	**49.3**
Total	100.0	100.0	100.0	100.0	100.0	**100.0**

Number of shareholders						
Investment companies	45	47	42	39	44	**50**
Insurance companies	52	57	48	51	43	**35**
Other companies	105	169	208	217	280	**190**
Pension funds	71	84	67	67	80	**73**
Universities, schools and other corporate bodies	160	196	210	226	257	**288**
Bank and other nominee companies	313	263	215	206	167	**217**
Individuals	24,872	37,429	48,657	55,945	74,040	**94,026**
Total	25,618	38,245	49,447	56,751	74,911	**94,879**

Shareholder range analysis – percentage*						
1 – 1,000	0.6	1.1	1.5	1.7	2.4	**0.9**
1,001 – 5,000	5.6	8.1	10.5	12.5	16.0	**9.9**
5,001 – 10,000	5.5	6.6	7.7	8.5	9.6	**10.1**
10,001 – 100,000	15.1	15.7	16.3	16.5	17.4	**24.4**
100,001 – 500,000	9.2	9.1	8.2	8.1	7.9	**6.5**
500,001 – 1,000,000	4.7	5.9	5.0	4.9	5.0	**3.6**
1,000,001 and over	59.3	53.5	50.8	47.8	41.7	**44.6**
Total	100.0	100.0	100.0	100.0	100.0	**100.0**

*Pre 1994 figures are not adjusted for 1 for 1 capitalisation issue in April 1994

Hypo Foreign & Colonial Management (Holdings) Limited

Foreign & Colonial Investment Trust's experience of international investment dates back to 1868. Foreign & Colonial Management ("FCM") was formed in 1953 by investment trusts within the group and in 1985 it was restructured in order to widen its range of business activities.

FCM has joint ventures in international investment management with The Long Term Credit Bank of Japan, National Securities (closely associated with the Matsushita Group), Petercam in Brussels and Banco de Investimentos Garantia in Brazil. Foreign & Colonial Ventures was formed in 1985 to provide private equity finance to small and medium sized companies. In 1987 Latin American Securities commenced business as a specialist investment manager in partnership with Banco de Investimentos Garantia.

In 1989, Foreign & Colonial Investment Trust , Foreign & Colonial Pacific Investment Trust, Foreign & Colonial Smaller Companies, Foreign & Colonial Enterprise Trust and Foreign & Colonial Eurotrust sold 50% of their holdings in FCM to the Bayerische Hypotheken-und Wechsel-Bank of Munich ("Hypo Bank"). Hypo Bank is the fifth largest commercial bank in Germany. The strategic objective of this partnership is to combine the Foreign & Colonial skills and experience of international investment management with Hypo Bank's strong retail base and distribution capabilities in Germany.

Investment in securities by private and institutional investors in Germany is growing substantially. Your Company benefits directly from the greater expertise the group now has in Europe, and also from the enhanced financial backing for a global investment management business. We believe that the partnership with Hypo Bank is one of the most successful partnerships in the City of London between UK and Continental financial institutions.

Hypo Bank and the five Investment Trust shareholders control FCM and its subsidiaries through Hypo Foreign & Colonial Management (Holdings) Limited, ("HFCM").

In July 1993, FCM merged the 37.5% owned Latin American Securities with its South East Asian business to form Foreign & Colonial Emerging Markets, in which it owns a 75.1% stake, making it one of the top five emerging markets money managers in the world.

The Group now employs 281 people including 79 investment professionals of 15 nationalities speaking 18 languages. In addition to investment trusts, it provides investment management services to unit trusts and offshore funds, UK pension funds, charities, corporations and overseas institutions. Overseas clients now represent more than 50% of the total business.

1994 was a good year in terms of growth of funds under management especially in emerging markets.

The Group is conscious of the need to observe the highest standards of corporate governance in respect of the publicly quoted investment trusts under its management.

CORPORATE GOVERNANCE

The Foreign & Colonial Investment Trust board has a majority of directors who are independent of FCM. In any situation where there could be a conflict of interest between the investment trust and the management company, the executive directors who are employed by FCM have not taken part in the decision.

Foreign & Colonial Investment Trust's strategy is decided by the board taking account of the advice of FCM. Hypo Bank has no influence on the investment policy of the trust.

Hypo Foreign & Colonial Management (Holdings) Limited *(continued)*

FUNDS UNDER MANAGEMENT

At 31 December (£m)	1986	1987	1988	1989	1990	1991	1992	1993	**1994**
Investment Trusts	1,165	1,097	1,272	1,660	1,360	1,699	1,991	2,666	**2,536**
UK Tax Exempt Institutions	458	504	591	996	840	1,057	1,290	1,481	**1,639**
Open-ended Funds	218	172	183	216	160	240	418	855	**858**
International Institutions	150	137	208	295	304	535	581	1,885	**1,954**
Hypo Bank Funds	–	–	–	158	461	923	2,715	3,042	**4,008**
Venture Capital	40	47	79	88	76	100	176	182	**196**
Other Funds	–	–	–	–	–	–	104	192	**143**
	2,031	1,957	2,333	3,413	3,201	4,554	7,275	10,303	**11,334**

Foreign & Colonial Investment Trust is an independent public company. The management company is fully answerable to the board and the independent directors of the trust review the management contract every year. Performance, security of assets and management charges are some of the main areas reviewed. Even though the Company is called "Foreign & Colonial " the management contract cannot be taken for granted by FCM. Every decision made on behalf of the Company must be clearly seen to be for the benefit of the shareholders of the Company.

The directors of FCM have two-year rolling contracts. Directors and senior employees also have options in the management company.

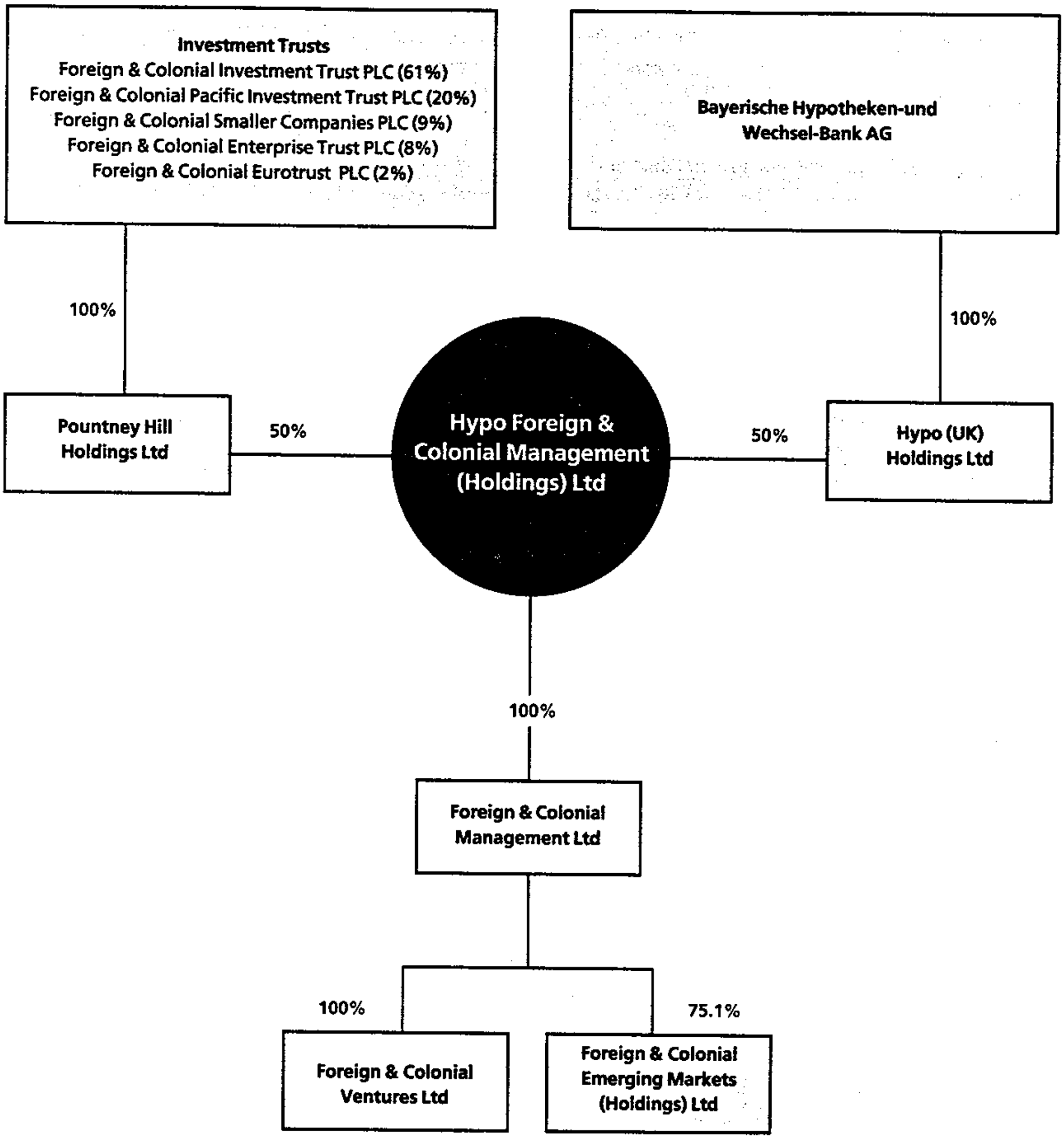
REMUNERATION COMMITTEE

The executive directors of Foreign & Colonial Investment Trust receive no emoluments directly from Foreign & Colonial Investment Trust. They are employees of FCM and the costs of their employment are met in full by FCM. The annual management fee of 0.3% covers the services of the executive directors and all other investment management and general administrative services provided by FCM.
Salaries, bonuses and options of the directors and staff of the HFCM Group are decided by the Remuneration Committee whose names are set out on page 48.

Remuneration Committee decisions are made on the basis of rewarding individuals for their performance, initiative and effort and the need to retain top quality, highly motivated professionals taking into consideration the remuneration being paid by competing firms in the City of London.

Hypo Foreign & Colonial Management (Holdings) Limited

Group Structure



Hypo Foreign & Colonial Management (Holdings) Limited
Summary Consolidated Profit and Loss Account

for the year ended 31 December 1994

	1994 £'000s	1993 £'000s
Profit on ordinary activities before taxation	18,542	14,271
Taxation	(6,246)	(5,172)
Minority interests	(1,537)	(365)
Dividends	(7,511)	(5,504)
Amount transferred to reserves	3,248	3,230

Summary Consolidated Balance Sheet

at 31 December 1994

	1994 £'000s	1993 £'000s
Fixed Assets	6,549	5,835
Net Current Assets	14,920	12,185
Creditors: Amounts falling due after more than one year	(4,108)	(4,753)
Minority interests	(1,756)	(1,459)
	15,605	11,808
Represented by:		
Capital and Reserves	15,605	11,808

The financial information set out above does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The statutory accounts of Hypo Foreign & Colonial Management (Holdings) Limited will be filed with the Registrar of Companies in due course.

The auditors have made a report under section 235 of the Companies Act 1985 on the accounts for the year ended 31 December 1994. Their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The only activity of Hypo Foreign & Colonial Management (Holdings) Limited ("the group") is to act as a holding company for Foreign & Colonial Management Limited and other group companies.

The group is independently valued at 31 December each year by Phoenix Securities Limited on the basis of both the profitability and funds under management of the group, discounted to reflect its private company status. Foreign & Colonial Investment Trust holds its interest in the group through its 61% subsidiary, Pountney Hill Holdings Limited ("PHH"), whose only activity is to hold the five investment trust shareholders' interest in the group. The group and shareholder structure chart is set out on the opposite page.

The valuation of PHH's interest in the group, and therefore of PHH itself, at 31 December 1994 amounted to £65.3m.

Hypo Foreign & Colonial Group Funds

Investment Trusts
Foreign & Colonial Investment Trust PLC
Foreign & Colonial Emerging Markets Investment Trust PLC
Foreign & Colonial Enterprise Trust PLC
Foreign & Colonial Eurotrust PLC
Foreign & Colonial German Investment Trust PLC
Foreign & Colonial High Income Trust PLC
Foreign & Colonial Income Growth Investment Trust PLC
Foreign & Colonial PEP Investment Trust PLC
Foreign & Colonial Pacific Investment Trust PLC
Foreign & Colonial Private Equity Trust PLC
Foreign & Colonial Smaller Companies PLC
Foreign & Colonial Special Utilities Investment Trust PLC
Foreign & Colonial U.S. Smaller Companies PLC
Brazilian Smaller Companies Investment Trust PLC
Latin American Investment Trust PLC
Second Consolidated Trust PLC
Contact: The Investment Trust Helpdesk on 0171-454 1415

Specialist Offshore Funds
Hypo Foreign & Colonial Reserve Asset Fund Limited*
Hypo Foreign & Colonial Portfolios Fund SICAV
Hypo Capital Management S.A. (Luxembourg F.C.P.s)
Contact: Helpdesk on 0171-454 1434

Argentinian Investment Company SICAV
Brazilian Investment Company SICAV
Colombian Investment Company SICAV*
Global Emerging Markets Investment Company SICAV
Indian Investment Company SICAV*
Latin American Extra Yield Fund
Latin American Income Company SICAV
Latin American Investment Company SICAV
Mexican Investment Company SICAV
Peruvian Investment Company SICAV*
Contact: Juliet Bullick on 0171-628 1234

Pension Funds
Balanced and specialist investment services are provided for a wide range of institutional pension funds.
Contact: Nigel Morecroft on 0171-628 8000

Authorised Unit Trusts
Hypo Foreign & Colonial Emerging Asian Fund
Hypo Foreign & Colonial European Fund
Hypo Foreign & Colonial High Income Fund
Hypo Foreign & Colonial Japanese Growth Fund
Hypo Foreign & Colonial Overseas Income Fund
Hypo Foreign & Colonial UK Growth Fund
Hypo Foreign & Colonial UK Income Fund
Hypo Foreign & Colonial UK Smaller Companies Fund
Hypo Foreign & Colonial U.S. Smaller Companies Fund
Contact: Helpdesk on 0171-454 1434

Authorised Exempt Funds
Foreign & Colonial Anglo-Nippon Exempt Fund
Foreign & Colonial European Exempt Fund
Foreign & Colonial North American Exempt Fund
Foreign & Colonial South East Asia Exempt Fund
Foreign & Colonial UK Exempt Fund
Contact: Nigel Morecroft on 0171-628 8000

Unauthorised Exempt Funds
Foreign & Colonial Balanced Exempt Fund
Foreign & Colonial Global Emerging Markets Exempt Fund
Foreign & Colonial Latin American Exempt Fund
Contact: Nigel Morecroft on 0171-628 8000

Charity Funds
A comprehensive management service is available for larger charities while smaller ones can use our general and specialist pooled funds. We also offer two Charity Common Investment Funds (The Common Fund for Growth and The Common Fund for Income) and a Portfolio Management Service.
Contact: Nicola Ternan on 0171-628 8000

Private Equity Funds
Foreign & Colonial Ventures manages or advises seven funds concentrating on unquoted investment including three of the investment trusts above.
Contact: James Nelson on 0171-728 9829

The information on this page has been issued and approved by Foreign & Colonial Management Limited, regulated by IMRO and the Personal Investment Authority.
Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Past performance is no guide to the future. The value of your investment may be adversely affected by fluctuations in exchange rates. The stockmarkets and currencies of emerging markets can be extremely volatile and investors should be prepared to accept a high degree of risk.

* Professional Investors only

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Registrar's Department
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8 Bankhead Crossway North
Edinburgh EH11 4BR

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