FOUNDED
1868

THE INVESTMENT COMPANY PLC

REGISTERED No. 4205
ENGLAND AND WALES

REPORT AND ACCOUNTS

31st MARCH 2005

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CONTENTS

DIRECTORS AND ADVISERS

Sir Frederick Douglas David Thomson Bt. *(Chairman)*
Stephen John Cockburn *(Managing Director)*
Miss Joan Beryl Webb
Peter Stanley Allen
Charles Willis Garrett Marsh

Sir David Thomson Bt. was appointed as a director on 19th April 2005 and was elected Chairman on the same day. He is chairman of Danae Investment Trust plc, Through Transport Mutual Insurance Association Ltd., Meacock Capital plc and Britannia Steamship Insurance Association Ltd.

S. J. Cockburn was appointed Managing Director in September 1994. He is a non-executive director of Fiske plc, a director of Associated British Engineering plc, Danae Investment Trust plc, Dartmoor Investment Trust plc, Geared Opportunities Income Trust plc and Strathdon Investments plc.

Miss Joan Webb was appointed to the Board in 1991 and, until recently, was joint owner of New Centurion Trust Limited.

P. S. Allen trained as an investment analyst with Kleinwort Benson. He has managed portfolios specialising in preference shares for many years.

C. W. G. Marsh was previously a director of Barclays Capital and, prior to that a fixed interest specialist with de Zoete & Bevan.

Secretary and Registered Office
J. P. Q. Harrison
3rd Floor, Salisbury House
London Wall
London EC2M 5QS

Registered Auditors
Saffery Champness
Chartered Accountants
Lion House
Red Lion Street
London WC1R 4GB

Legal Advisers
Macfarlanes
10 Norwich Street
London EC4A 1BD

CitiLegal Consultants Limited
Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Bankers
Barclays Bank plc
6 Clarence Street
Kingston upon Thames
Surrey KT1 1NY

Registrars
Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Administrators
Fiske plc
3rd Floor, Salisbury House
London Wall
London EC2M 5QS

Brokers
Collins Stewart Ltd
88 Wood Street
London EC2V 7QR

CHAIRMAN'S STATEMENT

I was delighted to be invited to join the Board of The Investment Company plc following its acquisition of New Centurion Trust Limited (previously its parent company) and to be elected Chairman by the directors on the 19th April 2005. As chairman of Jove Investment Trust plc from 1977 until that company's voluntary liquidation in November 2004 I followed the fortunes of The Investment Company since Jove was, after New Centurion Trust, its largest ordinary shareholder. For a number of years I have also been a director and recently chairman of Danae Investment Trust plc, Jove's sister trust, both of which were floated by Ionian Bank in 1972 and both of which had a substantial portfolio of preference shareholdings managed by Stephen Cockburn.

When the Jove portfolio was realised last Autumn a number of its long standing preference shareholdings were acquired through the market by The Investment Company. As explained in the recent document circulated setting out the details of the acquisition of New Centurion Trust Limited, as a result of ceasing to be a close company your Company may be able in future to obtain the tax benefits granted to an Authorised Investment Trust under Section 842 of the Income and Corporation Taxes Act 1988. Jove Investment Trust also used to own 20% of Fiske & Co (later Fiske plc when it was floated on the Alternative Investment Market) and so I was aware of the management services provided by Ionian Investment Management, a division of Fiske plc. As shareholders will know from the New Centurion Trust acquisition document and Listing Particulars new agreements are in place with Fiske for the provision of investment administration and accommodation services.

The revenue account has recovered substantially from the painful experience of the loss of income from Whitnash in the previous year but expenses for the year to 31st March 2005 have been distorted by the write-off of goodwill of £354,879 being principally the costs of the acquisition of New Centurion Trust. Without this exceptional expenditure the dividends paid and proposed would have been covered by the revenue for the year.

The asset value of the ordinary shares, however, has enjoyed a useful recovery rising from 177.39p per share to 211.65p per share. As pointed out in the acquisition document, the manner in which New Centurion Trust was paid for, by the issue of 5% loan notes and new ordinary shares amounting to less than half the number of our own shares that were being acquired (and which have now been re-designated non-voting shares), significantly increased the gearing of the reduced number of ordinary shares now in issue. When total assets appreciate the percentage rise in the assets attributable to each ordinary share is therefore exaggerated. While of course any diminution in the underlying value of our portfolio would be similarly reflected by a greater fall in the asset value per ordinary share, the fact remains that ordinary shareholders will see greater benefits from good investment performance.

It should also be beneficial to participating preference shareholders since an ordinary dividend measured in pence per share costs less due to the smaller number of shares on which the dividend is payable. Since the participating element of the dividend on these preference shares is directly related to the amount of the ordinary dividend per share and not the total cost this will result in a more rapid rise in the participating preference dividend than would have been the case previously. However the asset backing of the preference shares is now more highly geared as a result of the issue of loan notes which increases the risk profile of these shares.

I should like to pay tribute to my predecessor Mr Paul Simms who retired at the Annual General Meeting in October last year. He was of course also the Chairman of the parent company, New Centurion Trust, and it would have been difficult to negotiate appropriate terms for the merger of our companies if he had continued to hold both positions. Mr Simms had been a director for 16 years and Chairman since August 1994. He retired from the Chairmanship of New Centurion Trust at the time of its acquisition in March 2005 and I put on record the gratitude of the directors of both companies for his services during those years.

One of the difficulties that your directors have from time to time is to determine the value at which unlisted securities should be carried in the balance sheet. Many of our holdings, while listed on the London Stock Exchange, do not see regular trading and we rely on the advice of Collins Stewart for guidance to value such listed securities. There are also some preference shares which while unlisted nevertheless trade fairly regularly in the market and their advice on the price at which such holdings should be valued is much appreciated too.

However there are other investments on which the directors alone have to form a judgement. For example we do not normally value any unlisted shares at above par. The convertible preference shares of Hunting Group plc were repaid at par last year despite having traded in the stock market (there were

48 million of them fully listed) up to 120p because the Articles of the company did not allow the preference shareholders a vote. There was no protection of an average market price clause in their terms of issue, and the repayment was effected by the legal process of repaying the capital rather than redeeming the shares which would have required the consent of a class meeting. It is unlikely indeed that the shareholders would have voted to lose so much money!

Your directors do not value unlisted preference shares above par however high the coupon although they would be bound to use a market price for listed securities. Consequently we enjoyed a pleasing uplift in value when we sold back to the company our holding of 290,000 John Cotton Group 13.25% preference shares at 130p. We have also since the balance sheet date enjoyed a material uplift in an unquoted preference share in a subsidiary of the Charles Church Group of companies. When Charles Church was in financial difficulties 10 years or so ago the Royal Bank of Scotland having acquired control of the company sold over 90% of the ordinary shares at a nominal price of 1p per share to the then listed Beazer Group. Our holding of ordinary shares was as a result compulsorily acquired at a price significantly below what we had paid for them.

At the same time Beazer offered 20p per share for the preference shares which had been trading in the market shortly before as high as 35p, a price at which indeed we had recently bought shares. Beazer's offer was accepted by shareholders holding about 75% of the preference shares but the bidder was unable to acquire the balance compulsorily. For the last 10 years we have thought it prudent to value our Charles Church preference shares at no higher than the 20p bid price (which we had refused to accept) despite the fact that the Charles Church business has prospered and the Beazer Group was acquired by Persimmon plc. The directors of Persimmon recently decided to make an offer for the minority preference shareholders in Charles Church and we were pleased when the realistic price of 85p per share was proposed. The consequent uplift in the value of our asset of some £392,000 represents 20p per ordinary share, appreciation on top of the uplift in asset value recorded in these accounts at 31st March. The unaudited net asset value per ordinary share, as at 30th June 2005 was 254.43p.

Your directors intend that the majority of the portfolio of The Investment Company should continue to be invested in preference shares although we have had a favourable experience in one or two other securities recently. Our holding of Equitable Life Finance 8% Subordinated guaranteed bonds has shown us a profit of over 50%. We enjoyed a profit of some 20% in our holding of Danae Investment Trust Zero Dividend preference shares and our holding of Stanelco ordinary shares which were exchanged for an unlisted private company investment has more than recovered the depreciation at the 31st March 2004 and we still have 35% of our holding which is showing us a substantial profit. Our holding of New Fulcrum Investment Trust ordinary shares has also been an excellent performer: we anticipate a small capital profit when the trust is liquidated as the new directors have proposed and we have received a dividend flow in the last 9 months in excess of £200,000. Nevertheless the Board does not intend to invest more than 15% of the company's portfolio in such investments as the vast majority of our funds are invested in preference shares and other similar quoted prior charge securities.

Your directors have resolved to recommend a maintained ordinary share dividend for the year to 31st March 2005, but will consider the interim dividend for the year to the 31st March 2006 in the light of revenue for the half year to 30th September 2005 when no exceptional charges to the Profit and Loss account are expected to distort the underlying performance of the Company's portfolio. The participating preference share dividend payable on 1st October 2005 will therefore be the same as it was last year, namely 4.75p.

I would draw shareholders attention to two matters which may be of interest to them. Firstly we acquired for a nominal sum of £3,873 the share capital of Abport Limited a share dealing company with accumulated losses of some £500,000. When appropriate opportunities occur this should enable us to take advantage of short term trading in shares. We have also invested in the ordinary shares of Fiske plc, who provide the Company with administrative and company secretarial services, thus creating an identity of interest in the prosperity of the two businesses.

The Annual General Meeting of the Company has been convened for 21 September 2005 when I look forward to meeting all ordinary shareholders who decide to attend.

Sir David Thomson Bt.
Chairman

DIRECTORS' REPORT

The directors have pleasure in presenting to the Members the Company's financial statements for the year ended 31st March 2005, which incorporate the consolidated results of the Company and its subsidiary undertakings following their acquisition during the year.

Review of the Business

The principal activities of the Company and its main subsidiary company, New Centurion Trust Limited, are investment in preference shares and prior charge securities with a view to achieving a high rate of income and capital growth over the medium term. A full review of the activities of the Company in the year under review is given in the Chairman's Statement.

The Company also owns an investment dealing company, Abport Limited, which was acquired on 22nd October 2004.

Results and Dividends

On 7th March 2005 the Company acquired the entire issued share capital of its parent undertaking, New Centurion Trust Limited, through the issue of 849,372 ordinary shares and £3,657,004 5% unsecured loan notes. Details of the transaction are given in Note 17.

The net consolidated revenue on ordinary activities, after taxation, is £331,415. The result is stated after amortisation of goodwill arising on consolidation of £354,879.

A final dividend of 4p (2004 Second interim: 4p) per ordinary share will be paid, subject to shareholder's approval, on 29th September 2005, which together with the interim dividend of 3p (2004: 3p) makes a total of 7p (2004: 7p) for the year. Half-yearly dividends have been paid on the Participating Preference Shares of 4.75p on 1st October 2004 (2003: 5.5p) and of 3.5p on 1st April 2005 (2004: 3.5p).

The consolidated net asset value per share at 31st March 2005, after deducting the proposed dividend, was 211.65p per share.

The consolidated balance sheet shows net assets at 31st March 2005 of £10,320,524 and the Company's balance sheet shows net assets of £13,593,025. The difference relates to the cost of non-voting shares in the Company held by New Centurion Trust Limited which are shown as a reduction in shareholders funds in the consolidated balance sheet and a charge for amortised goodwill. A reconciliation of the differences in the balance sheets is given in note 19 to the accounts.

Future Developments

Redemptions and buy outs by companies of their preference share issues (while usually realising profits for the Company) are resulting in the Company seeking investment in other forms of fixed-interest securities.

Directors and their Share Interests

The directors holding office since 1st April 2004 were:

*Sir David Thomson Bt. *(appointed 19th April 2005)*
*Paul F. Simms *(resigned 6th October 2004)*
Stephen J. Cockburn (Managing Director)
*Miss Joan B. Webb
*Peter S. Allen
*Charles W. G. Marsh *(appointed 10th June 2004)*
* Non-executive

Mr Peter S. Allen will retire at the Annual General Meeting and, being eligible, offers himself for re-election.

Miss Joan B. Webb, being 77 years old, retires and, being eligible, offers herself for re-election.

Sir David Thomson Bt. was appointed as a non-executive director of the Company on 19th April 2005. Having been appointed as a director since the last general meeting of the Company, he offers himself for election as a director at the forthcoming Annual General Meeting.

The beneficial share interests of the directors in office at the end of the financial year were:

	31st March 2005		31st March 2004	
	Ordinary 50p	**Participating Pref. 50p**	Ordinary 50p	Participating Pref. 50p
S. J. Cockburn*	**188,647**	**28,000**	110,797	28,000
Miss J. B. Webb**	**475,886**	**204,800**	1,768,765	204,800
Peter S. Allen	**20,000**	**–**	20,000	–
C. W. G. Marsh *(appointed 10th June 2004)*	**25,000**	**–**	–	–

* In addition, Mr S. J. Cockburn has a non-beneficial interest in 35,000 ordinary shares and 4,000 participating preference shares.

** The interest of Miss J. B. Webb, in the year to 31st March 2004, included an interest in 1,717,565 ordinary shares in the Company held by New Centurion Trust Limited (which was then the Company's holding company) in which Miss J. B. Webb was a 50% shareholder.

On 19th April 2005 Sir David Thomson Bt. was appointed a director of the Group. On appointment he declared an interest in 57,000 ordinary 50p shares.

Other than as stated above there have been no changes in the above interests since 31st March 2005.

Directors' interests in contracts

Details of directors' interests in contracts are shown in Note 17 to the financial statements. Other than those transactions, none of the directors has or has had any interest in any transaction which is or was unusual in nature or conditions or significant to the business of the Company and which was effected by the Company during the year. At the date of this report, there are no outstanding loans by the Company or its subsidiaries to any director.

Substantial interests

At the date hereof, the Company had been notified of holdings of 3% or more in its ordinary voting share capital as follows:

	Ordinary shares
Miss J. B. Webb	24.65%
Mrs J. P. Brown	21.99%
Shirlstar Container Transport Limited Pension Fund	10.08%
S. J. Cockburn	9.77%

Interest in own shares

On 7th March 2005 the Company acquired the entire issued share capital of its parent company, New Centurion Trust Limited. As a result of the transaction the Company holds 1,717,565 ordinary shares of 50p each in itself. These shares have been re-designated as non-voting shares. It is the directors' intention that dividends payable on these shares will be waived.

Purchase of own shares

A resolution will be proposed at the Annual General Meeting to extend the period of the directors' authorisation to make purchases of its own shares.

Post balance sheet event

On 18th May 2005 the Company received confirmation from the High Court for the cancellation of the 100,000 deferred shares of 50p each that remained in issue and the re-classification of the Capital Redemption Reserve as a distributable reserve.

Corporate Governance

The Company is committed to high standards of corporate governance and to the principles of good governance set out in the Combined Code. The Board is accountable to shareholders for the governance of the Company's affairs. In July 2003, a revised Combined Code on Corporate Governance (the revised Code) was published by the Financial Reporting Council, which came into effect for accounting periods commencing on or after 1st November 2003. The Directors have reviewed the detailed principles and recommendations actioned in the revised code and believe that, to the extent that they are relevant to the Company's business, they have complied with the provisions of the Code during the year ended 31st March 2005 and that the Company's current practice is, in all material aspects, consistent with the principles of the revised Code.

The Board also confirms that, to the best of its knowledge and understanding procedures were in place to meet the requirements of the revised Code relating to internal controls throughout the year under review. However, no formal policy or procedures have been documented as the directors do not consider that such practice is appropriate for the Company.

Board of Directors

With the exception of Mr Stephen Cockburn who is Managing Director and is responsible for the investment management, the Board consists of independent non-executive directors.

In particular the balance of executive and non-executive directors has been designed to ensure the independence of the Board. The Board is responsible for all matters of direction and control of the Company, including its investment policy, and no one individual has unfettered powers of decision. The directors review at regular meetings the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs.

The directors meet at regular Board meetings held at least once a quarter. Additional meetings and telephone meetings are arranged as necessary. During the year ended 31st March 2005 the number of full and scheduled Board meetings and Committee meetings attended by each director was as follows:

Director	Scheduled Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Paul F. Simms	3 (3)	1 (1)	-
Stephen J. Cockburn	7 (7)	-	-
Miss Joan Webb	6 (7)	1 (1)	-
Peter S. Allen	6 (7)	1 (1)	-
Charles W.G. Marsh	7 (7)	1 (1)	-

Figures in brackets indicate the maximum number of meetings held in the year in respect of which the individual was a board/committee member.

Chairman and Senior Independent Director

The Chairman, Sir David Thomson, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. Sir David Thomson is also chairman of Danae Investment Trust plc, Through Transport Mutual Insurance Association Ltd., Meacock Capital plc and Britannia Steamship Insurance Assocation Ltd. He considers himself to have sufficient time to commit to the Company's affairs.

Given the size and nature of the Board it is not considered appropriate to appoint a senior independent director and this is non-compliant with Code Provision A.1.2.1. Stephen Cockburn is the Company's Managing Director, and therefore the roles of the Chairman and Managing Director are separated.

Directors' independence
The Board has reviewed the independent status of its individual directors and the Board as a whole.

Stephen Cockburn is the Managing Director of the Company, and is therefore considered not to be independent under the terms of the revised Code.

The revised Code requires that this report should identify each non-executive director the Board considers to be independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. In the Board's opinion Messrs Thomson, Allen, Marsh and Miss Webb are all considered to be independent in both character and judgement. Accordingly, four of the five Board members are independent, thus the majority of the Board is comprised of independent non-executive directors.

Under the Articles of Association, all directors with the exception of the Managing Director are subject to periodic retirement and re-election by shareholders. In order to comply with the revised Code, and the Articles of Association, the directors have adopted a policy providing for all non-executive directors to submit themselves for re-election at least every three years.

Resolutions to re-elect Mr Allen and Miss Webb and a resolution to elect Sir David Thomson are contained within the notice of the Annual General Meeting on page 32. The other Board members recommend that shareholders vote for the re-election and election of those individuals as they believe that their skills, knowledge and overall performance is of continued benefit to the Company. All directors have actively contributed in meetings throughout the year.

Shareholders are invited to consider the following information on an individual basis, before voting on the re-election of the directors.

Sir David Thomson is a competent and knowledgeable Chairman who guides the Board in a professional and effective manner. Sir David Thomson spends a considerable amount of time liaising with Mr Cockburn and, through his well established contacts within the investment company sector, ensures that the Company keeps abreast of the latest regulatory and investment developments.

Biographies of all the directors, which appear on page 1, demonstrate the wide range of skills and experience they bring to the Board.

Board responsibilities and relationship with Service Providers
The Board is responsible for the determination and implementation of the Company's investment policy and for monitoring compliance with the Company's objectives. Some of the Company's main functions have been subcontracted to service providers, engaged under separate legal agreements. At each Board meeting the directors follow a formal agenda, which is circulated in advance by the Company Secretary. The Board's main roles are to create value for shareholders and to approve the Company's strategic objectives. Specific responsibilities of the Board include: reviewing the Company's investments, asset allocation, gearing policy, cash management, investment outlook and revenue forecasts. The Board takes all decisions.

Management of the Company's assets is conducted by the Managing Director who has discretion to manage the assets of the Company in accordance with the Company's objectives and policies. At each Board meeting, the Managing Director presents verbal and written reports covering the activity, portfolio and investment performance over the preceding period. Ongoing communication with the other members of the Board is maintained between formal meetings.

Committees of the Board
The Company has appointed a number of committees to monitor specific operations. However given its size, the Board does not believe that there is a requirement to establish a Nominations Committee. The Board considered that its skills, knowledge and experience were appropriate in

considering candidates for the appointment to fill the vacancy created by the retirement of Paul Simms. In view of the size and nature of the Company's operations it was not deemed necessary to incur the cost of advertising or of appointing an external search consultant to assist in the appointment.

Audit Committee

The Audit Committee comprises all the independent non-executive directors of the Company and is chaired by Sir David Thomson. The Committee met on one occasion last year to review and approve the Company's Annual Report and Accounts.

The primary responsibilities of the Audit Committee are to review the effectiveness of the internal control environment of the Company; to monitor adherence to best practice in corporate governance; to make recommendations to the Board in relation to the re-appointment of the Auditors and to approve their remuneration and terms of engagement; to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process and provide a forum through which the Company's Auditors report to the Board. The Audit Committee also has responsibility for monitoring the integrity of the financial statements and accounting policies of the Company; and receiving reports from the compliance officer of the Administrator. Committee members consider that individually and collectively they are appropriately experienced to fulfil the role required. The Audit Committee does not have formal written terms of reference.

Saffery Champness, the Company's Auditors, attend the meeting of the Audit Committee to approve the Annual Report and have direct access to Committee members. The Chairman of the Audit Committee will be present at the Annual General Meeting to deal with any questions relating to the accounts.

Due to the size of the Company no policy or procedures exist for staff to raise concerns concerning possible improprieties in matters of financial reporting. A representative of Fiske plc attends each Board meeting and is given the opportunity to raise any matters which may be of concern.

Remuneration Committee

The Remuneration Committee which comprises all the independent non-executive directors, was chaired by Paul Simms until his retirement on 6th October 2004. Since 19th April 2005, the date of his appointment, Sir David Thomson has chaired the committee which has been formally constituted during the year to determine and approve directors' fees. Directors' fees are determined following proper consideration of the role that individual directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs, having regard to the industry generally. There have been no separate Remuneration Committee meetings during the period under review, however the Board did discuss the level of directors' fees during a scheduled Board Meeting. It was agreed that the fees of the non-executive directors should remain unchanged. In the light of the retirement of Mr. Cockburn as an executive director of Fiske plc new agreements were put in place to provide separate management and administration of the Company's assets. On 4th January 2005 Mr. Cockburn entered into a service contract with the Company as Managing Director. On the same day, 4th January 2005, the Company entered into an agreement with Fiske plc for the provision of administrative services.

Detailed information on the remuneration arrangements for the directors of the Company can be found in the directors' Remuneration Report on page 11 and in note 4 to the financial statements.

Independent professional advice

The Board has formalised arrangements under which the directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

The Company has arranged Directors' and Officers' Liabilities Insurance which provides cover for legal expenses under certain circumstances.

Going Concern

The directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable. The directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly have continued to adopt the going concern basis in preparing the financial statements.

Internal Control

The Combined Code requires that the Board should maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets.

The Board has contractually delegated to Fiske plc (the "Administrator") all day to day accounting and company secretarial duties as well as the administration and safe custody of its investments. The Administrator prepares management accounts, valuations of investments, statements of transactions and forecasts of cash surpluses or requirements which are provided in advance of all regular meetings of the Board (which are held at least four times a year). Mr Cockburn, as Managing Director presents these documents at the meetings to allow the Board as a whole to assess the Company's activities and review its performance.

The Board considers, at each meeting, future strategy with regard to the investment criteria to be followed by the Company, including criteria concerning risk. The Board may seek independent advice regarding any proposed investments of an unusual nature, such as investments in unquoted securities. No formal review of the Group's system of internal control has been undertaken, in accordance with rule C3.1, during the year.

The Administrator, being regulated by the Financial Services Authority under the Financial Services and Markets Act 2000, continually reviews its own compliance procedures in accordance with the financial, safe custody, conduct of business and other rules to which it is subject.

Given the size of the Group, an internal audit department is considered unnecessary, although this need is reviewed annually.

The key procedures that have been established with a view to providing effective internal financial control are as follows:

- Investment management is provided by the Managing Director. The Board is responsible for setting the overall investment policy and monitors the action of the Managing Director at regular Board meetings.
- The provision of administration, accounting, custody of assets and company secretarial duties is the responsibility of the Administrator.
- The non-executive directors of the Company clearly define the duties and responsibilites of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.

DIRECTORS' REPORT *continued*

Relations with shareholders

Communication with shareholders is given a high priority by the Board and the directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and vote at the Annual General Meeting during which the Board is available to discuss issues affecting the Company.

Creditor payment policy

The Company's policy is to pay suppliers by return of post. As a result, there were no trade creditors at the year end (2004: £nil).

Taxation Status

Until 7th March 2005 the Company was a close company within the meaning of the Income and Corporation Taxes Act 1988. The directors are of the opinion that following the acquisition of New Centurion Trust, formerly the parent company, from that date The Investment Company plc is no longer a close company.

Annual General Meeting

Notice of the Annual General Meeting, which is to be held at Lion House, Red Lion Street, London, WC1R 4GB at 12.30pm on Wednesday 21st September 2005 is set out on pages 32 and 33.

Two resolutions, numbered 7 and 8 as set out on pages 32 and 33, are being put to the meeting as special business. The first of these, Resolution 7, is requesting a renewal of the existing authority for the Company to make market purchases of Ordinary shares of 50p each and Participating Preference shares of 50p each in the Company. If granted the authority would expire at the conclusion of the Annual General Meeting of the Company held in 2006. The second resolution, Resolution 8, requests a renewal of the existing authority for the Company to allot relevant securities as if Section 89(1) (dis-application of pre-emption rights) of the Companies Act 1985 did not apply. If granted the authority would expire 15 months from the date of the passing of the resolution or if earlier the conclusion of the Annual General Meeting of the Company held in 2006.

The approval of these resolutions will allow the directors flexibility in managing the Company.

Auditors

The directors review the terms of reference for the auditors and obtain written confirmation that the firm has complied with its relevant ethical guidance on ensuring independence. Saffery Champness provide audit services to the Company and Group as well as corporation tax compliance and advisory services. The Board reviews the level of their fees to ensure they remain competitive and to ensure no conflicts of interest arise.

Saffery Champness are willing to remain in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

3rd Floor
Salisbury House
London Wall
London EC2M 5QS

1st August 2005

by Order of the Board
James P. Q. Harrison
Secretary

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with Schedule 7A to the Companies Act 1985, which applies to companies quoted on the Official List of the London Stock Exchange. An ordinary resolution will be put to the members to approve the Report at the forthcoming Annual General Meeting.

The law requires your Company's auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 13 to 14.

Remuneration Committee

The Remuneration Committee was chaired by Paul Simms and is now chaired by Sir David Thomson and consists of the non-executive directors. It met informally once during the year during a scheduled Board meeting to approve the terms of the Managing Director's contract of employment from 4th January 2005. It was agreed that Mr Cockburn's starting remuneration would be £50,000 per annum (in addition to his existing directors' fee of £13,000 per annum). Mr Cockburn's appointment may be terminated by the Company giving not less than 12 months written notice expiring at a time on or after 4th January 2006 and in the event of such termination, compensation shall be limited to Mr Cockburn's entitlement to receive his salary until the expiry of such notice period. Mr Cockburn is also entitled to the receipt of reasonable out of pocket expenses, incurred in furtherance of his duties.

As Managing Director and in accordance with the Company's Articles of Association, Mr. Cockburn is not subject to periodic retirement and re-election to the Board.

Policy on Directors' fees

The Board's policy is that the remuneration of the directors should reflect the experience of the Board as a whole, and is determined with reference to comparable financial organisations and appointments. It is intended that this policy will continue for the current year to 31st March 2006.

Directors' fees are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' service contracts

The terms of appointment provide that each of the non-executive directors shall retire and be subject to election at the first Annual General Meeting after their appointment, and not less than every three years thereafter. The service contract of the Managing Director and the agreement for the provision of administration and accomodation services by Fiske plc, in which Mr Cockburn is deemed to be interested as a non-executive director and shareholder of Fiske plc, are available for inspection by shareholders at the place of the AGM of the Company during the meeting and for 15 minutes beforehand.

Performance graph of Total Shareholder Return

The directors do not receive any performance-related remuneration and there are no comparable indices against which the Company feels able to measure itself. Consequently, it has not prepared a graph showing total shareholder return.

Directors' emoluments for the year ended 31st March 2005 (audited)

The directors who served during the year received the following emoluments in the form of fees and salaries:

	Year ended 31st March 2005	Year ended 31st March 2004
Stephen J. Cockburn	**25,089**	12,500
Miss Joan Webb	**13,000**	12,500
Peter S. Allen	**13,000**	12,500
Charles W.G. Marsh *(appointed 10th June 2004)*	**10,478**	–

None of the directors has any other entitlement to remuneration for his/her services to the Company save as mentioned above.

Approval

The directors' remuneration report was approved by the Board of Directors on 1st August 2005 and signed on their behalf by:

Sir David Thomson Bt.
Charles Marsh
Directors

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the UK Listing Authority.

THE INVESTMENT COMPANY PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of The Investment Company plc for the year ended 31st March 2005 which comprise the Consolidated Revenue Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and United Kingdom Auditing Standards.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the part of the Directors'

Remuneration Report to be audited. 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 in the company'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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and company's affairs as at 31st March 2005 and of the group's profit for the year then ended, and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Saffery Champness
Chartered Accountants and
Registered Auditors
1st August 2005

Lion House
Red Lion Street
London WC1R 4GB

CONSOLIDATED REVENUE ACCOUNT

For the year ended 31st March 2005

	Notes	2005 £	2004 £
Total income	2	**1,028,871**	942,380
Expenses	4	**(697,456)**	(327,111)
Net revenue before taxation		**331,415**	615,269
Taxation	5	**–**	–
Net revenue, after taxation		**331,415**	615,269
Dividends paid and proposed	6	**(675,545)**	(757,033)
Transfer from reserves	15	**(344,130)**	(141,764)
(Loss)/earnings per 50p Ordinary			
Share: Basic	8	**(6.41)p**	1.93p
Adjusted	8	**6.27p**	1.93p
Net asset value per 50p Ordinary Share	20	**211.65p xd**	177.39p xd

The 2004 figures are the Company's profit and loss account.

The analysis of activities between the continuing and acquired operations is detailed in note 3.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st March 2005

	Note	2005 £	2004 £
Distributable profits			
Net revenue, after taxation		**331,415**	615,269
Non-distributable profits			
Net profit on disposals of investments		**505,081**	370,696
Writedown in value of investments		**–**	(1,258,719)
	15	**505,081**	(888,023)
Tax on realised gains		**–**	–
Movement in unrealised appreciation of investments	15	**436,258**	480,089
		941,339	(407,934)
Total recognised gains and losses for the financial year		**1,272,754**	207,335

The 2004 figures represent the Company's Statement of Total Recognised Gains and Losses.

The notes on pages 21 to 29 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31st March 2005

	Notes		31st March 2005
		£	£
Fixed assets			
Portfolio investments at cost			**13,769,941**
Unrealised appreciation			**619,385**
Portfolio investments at market value	9		**14,389,326**
Current assets			
Debtors	12	**29,198**	
Investments	11	**318,201**	
Cash at bank		**27,236**	
		374,635	
Current liabilities			
Bank overdraft		**273,582**	
Dividends	6	**295,434**	
Other creditors		**217,417**	
		786,433	
Net current liabilities			**(411,798)**
Total assets less current liabilities			**13,977,528**
Loan Notes	13		**(3,657,004)**
Net assets			**10,320,524**
Capital and reserves			
Called up share capital	14		**4,991,381**
Share premium	15		**1,019,246**
Own shares held	15		**(2,919,861)**
Capital redemption reserve	15		**2,439,800**
Revaluation reserve	15		**590,621**
Capital reserve	15		**4,127,484**
Revenue reserves	15		**71,853**
Shareholders' funds	19		**10,320,524**
Net asset value per:			
Participating Preference Share of 50p (6,234,805 shares)			**100.0p**
Ordinary Share of 50p (1,930,391 shares, 2004: 2,798,584 shares)	20		**211.65p xd**

The notes on pages 21 to 29 form part of these financial statements.

Sir David Thomson Bt.
Stephen. J. Cockburn
Directors

Approved by the Board
1st August 2005

COMPANY BALANCE SHEET

At 31st March 2005

	Notes	31st March 2005 £	31st March 2005 £	31st March 2004 £	31st March 2004 £
Fixed assets					
Portfolio investments at cost			12,113,431		11,177,872
Unrealised appreciation			602,218		154,363
Portfolio investments at market value	9		12,715,649		11,332,235
Investment in subsidiaries at cost	10		5,410,552		–
			18,126,201		11,332,235
Current assets					
Debtors	12	333,806		524	
Cash at bank		18,066		356,353	
		351,872		356,877	
Current liabilities					
Bank overdraft		273,582		–	
Dividends	6	295,434		330,161	
Intercompany balances		464,091		–	
Other creditors		194,937		159,707	
		1,228,044		489,868	
Net current liabilities			(876,172)		(132,991)
Total assets less current liabilities			17,250,029		11,199,244
Loan Notes	13		(3,657,004)		–
Net assets			13,593,025		11,199,244
Capital and reserves					
Called up share capital	14		4,991,381		4,566,695
Share premium	15		1,019,246		–
Capital redemption reserve	15		2,439,800		2,439,800
Revaluation reserve	15		602,218		154,363
Capital reserve	15		4,127,484		3,622,403
Revenue reserves	15		412,896		415,983
Shareholders' funds	19		13,593,025		11,199,244

The notes on pages 21 to 29 form part of these financial statements.

Sir David Thomson Bt.
Stephen J. Cockburn
Directors

Approved by the Board
1st August 2005

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2005

	Notes	Group 2005 £	£	£	Company 2004 £
Operating activities					
Cash received from investments		**840,766**		850,366	
Interest received		**59,788**		90,871	
Sundry income		**7,245**		1,142	
Cash paid to and on behalf of employees		**(83,913)**		(66,353)	
Other cash payments		**(241,627)**		(234,673)	
Net cash inflow from operating activities	A		**582,259**		641,353
Returns on investments and servicing of finance					
Interest paid		**(21,594)**		(35,018)	
Non-equity dividends paid		**(514,371)**		(588,257)	
Net cash outflow from returns on investments and servicing of finance			**(535,965)**		(623,275)
Taxation					
UK corporation tax repaid		**–**		–	
UK corporation tax paid		**–**		–	
			–		–
Capital expenditure and financial investment					
Purchase of investments		**(3,820,714)**		(1,554,571)	
Purchase of subsidiaries		**(314,960)**		–	
Cash acquired with subsidiary		**469,091**		–	
Purchase of own shares		**–**		(498,841)	
Sale of investments		**3,211,979**		3,144,182	
Net cash (outflow)/inflow from capital expenditure and financial investment			**(454,604)**		1,090,770
Equity dividends paid			**(194,389)**		(249,370)
(Decrease)/increase in cash	B/C		**(602,699)**		859,478

The amounts included for the year ended 31st March 2004 represent the Company's results.

The notes on pages 19 and 20 form part of this cash flow statement.

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2005

		Group 2005 £	Company 2004 £
A.	Reconciliation of operating profit to net cash inflow from operations:		
	Net revenue before taxation	**331,415**	615,269
	Goodwill written off on consolidation	**354,879**	–
	Interest paid	**21,594**	35,018
	Deemed income distribution	**(92,127)**	–
	Investment gains of trading subsidiary	**(3,945)**	–
	(Increase)/decrease in debtors	**(28,674)**	1,101
	Decrease in creditors	**(883)**	(10,035)
		582,259	641,353
B.	Reconciliation of cash flow to movement in net debt		
	(Decrease)/increase in cash in the period	**(602,699)**	859,478
	Change in net debt resulting from cash flows	**(602,699)**	859,478
	New loan notes issued	**(3,657,004)**	–
	(Increase)/decrease in net debt	**(4,259,703)**	859,478
	Net funds/(debt) at 1st April 2004	**356,353**	(503,125)
	Net (debt)/funds at 31st March 2005	**(3,903,350)**	356,353

C. Analysis of net debt

	At 31st March 2005 £	Cash Flow £	Non Cash Flow £	At 1st April 2004 £
Bank overdraft	**(273,582)**	(273,582)	–	–
Cash at bank	**27,236**	(329,117)	–	356,353
	(246,346)	(602,699)	–	356,353
Long term debt	**(3,657,004)**	–	(3,657,004)	–
	(3,903,350)	(602,699)	(3,657,004)	356,353

D. Major non-cash transactions and purchase of subsidiary undertakings.

On 7th March 2005 the Company acquired the entire issued share capital of its former parent, New Centurion Trust Limited through the issue of 849,372 ordinary shares of 50p each and £3,657,004 5% loan notes.

On 22nd October 2004 the Company acquired the entire issued share capital of Abport Limited for £3,873.

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT *continued*

For the year ended 31st March 2005

Net Assets acquired	New Centurion Trust Limited £	Abport Limited £
Investments	4,605,136	43,873
Cash at bank	469,091	–
Creditors	(22,427)	(40,000)
Net Assets	5,051,800	3,873
Goodwill	354,879	–
	5,406,679	3,873
Satisfied by:–		
Cash paid	–	1
Shares allotted:		
Issue of shares	1,443,932	–
Issue of loan notes	3,657,004	–
Transaction costs	305,743	3,872
	5,406,679	3,873

New Centurion Trust Limited contributed £4,170 to the year's net operating cash flows. Abport Limited contributed £5,775 to the year's net operating cash flows.

NOTES ON THE ACCOUNTS

For the year ended 31st March 2005

1 Accounting Policies

(a) **Convention**

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable accounting standards.

(b) **Basis of consolidation**

During the year the company acquired two subsidiary companies: Abport Limited and New Centurion Trust Limited.

Abport Limited is a small dealing company acquired on 22nd October 2004.

New Centurion Trust Limited is an investment company and was acquired on 7th March 2005. The group has adopted the principles of acquisition accounting. Under acquisition accounting the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition. Goodwill arising on consolidation has been written off to the profit and loss account because in the opinion of the directors the group would not benefit from the goodwill arising. In accordance with the concession granted under Section 230(2) of the Companies Act 1985 the company's profit and loss account has not been presented separately in these financial statements. The profit after taxation of the company for the year ended 31st March 2005 was £672,459 (2004: £615,269).

(c) **Revenue and Expenditure**

Revenue includes dividends and interest from investments payable on or before the balance sheet date. Deposit interest receivable, expenses and interest payable are accounted for on an accruals basis.

(d) **Investments**

All investments held as fixed assets are shown in the balance sheet at valuation. The difference between book cost and valuation is shown in note 9 and taken to the revaluation reserve. Profits and losses on the realisation of investments held as fixed assets are taken to capital reserve.

Investments listed on a recognised Stock Exchange have been valued at middle market prices at the close of business on the balance sheet date. Unlisted investments have been valued by the Directors at the year end based upon dealing prices where available or stockbrokers' valuations, net asset values or other relevant information.

Current asset investments are shown at the lower of cost and market value. Any writedown in market value is taken to the Profit and Loss account in the year it arises.

(e) **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. Total Income

	Group 2005 £	Company 2004 £
Dividends	**840,766**	793,396
Interest	**59,788**	90,872
Deemed income distributions	**92,127**	56,970
Gain on trading	**3,945**	–
Sundry income	**32,245**	1,142
	1,028,871	942,380

3. Acquisitions and continuing operations

The analysis of turnover to net revenue before taxation between the Company and the subsidiaries it acquired is as follows:

	2005 Acquisitions £	2005 Continuing £	2005 Total £	2004 Total £
Income	14,030	1,014,841	1,028,871	942,380
Expenses	(195)	(697,261)	(697,456)	(327,111)
Net revenue before taxation	13,835	317,580	331,415	615,269

4. Administrative Expenses

	Group 2005 £	Company 2004 £
Staff costs (see note a)	84,283	65,762
Management expenses: Interest on bank overdraft	24,594	33,018
Management/Administration fee (see note c)	132,098	136,541
Others	75,509	72,815
Amortisation of goodwill	354,879	–
Auditors remuneration: Audit fees – statutory audit	11,500	9,000
– other assurance services	1,750	1,750
Non audit fees – tax compliance services	6,275	6,000
– other advisory services	6,568	2,225
	697,456	327,111

In addition, the Company's auditors received fees of £20,650 plus VAT in respect of the acquisition of New Centurion Trust Limited. These costs have been capitalised within the cost of subsidiary companies in the Company balance sheet and subsequently amortised in the consolidated accounts as part of the goodwill charge.

(a) Staff costs during the year:

	Group 2005 £	Company 2004 £
Salaries and fees (see note b)	62,734	46,750
Social Security costs	5,696	3,621
Pension costs	15,853	15,391
	84,283	65,762

	Number	Number
The average number of persons employed by the Group during the year was	5	5

Pension commitments

At 31st March 2005 the Company had accrued £100,000 (2004: £100,000) towards the purchase of an annuity for a former employee of the Company.

(b) Directors' remuneration

The Directors' remuneration of £61,567 (2004: £46,750) comprised £25,089 (2004: £12,500) to Mr S. J. Cockburn, £13,000 (2004: £12,500) to Miss J. B. Webb, £13,000 (2004: £12,500) to Mr P. S. Allen, £10,478 (2004: £nil) to Mr C.W. G. Marsh and £nil (2004: £9,250) to Mr. R.B. Wild.

Mr Simms received no fee as chairman but as indicated in Note 17, CitiLegal Consultants Limited received fees for legal services and for Mr Simms' services as Chairman up to and including his retirement on 6th October 2004.

(c) A management fee of 0.30% of investments and cash held was charged quarterly by Ionian Investment Management, a division of Fiske plc, until 3rd January 2005. On 4th January 2005 the Company entered into a service contract with Fiske plc, for the provision of administrative services at the rate of £24,750 plus VAT per quarter payable in advance. Investment management is now undertaken by the Managing Director.

5. Taxation

	Group 2005 £	Company 2004 £
Arising on revenue items	–	–
Arising on capital items	–	–
Current tax charge for the year	–	–
Factors affecting the tax charge for the year		
The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom (30%)		
The differences are explained below:		
Profit on ordinary activities before taxation	**331,415**	615,269
Tax on profit on ordinary activities at 30%	**99,425**	184,581
Effects of:		
Expenses not deductible for tax purposes	**108,393**	–
Income not taxable	**(277,927)**	(255,110)
Utilisation of tax losses	**71,690**	70,529
Chargeable gains	**(1,581)**	–
	–	–

No provision has been made for deferred taxation. The amount not taken to credit in respect of deferred tax at 31st March 2005 was:

	Consolidated 2005 £	Company 2004 £
Short term timing differences	**24,000**	24,000
Credit on revaluation of investments	**(267,186)**	(207,307)
	(243,186)	(183,307)

No provision is made for deferred tax arising on the revaluation of investments as there is no binding agreement for their sale at the balance sheet date.

6. Dividends

	Group	2005	Company	2004
	£	£	£	£
Interim dividends paid				
Participating Preference Shares 4.75p (2004: 5.5p)	**296,153**		342,914	
Ordinary Shares 3p (2004: 3p)	**83,958**		83,958	
		380,111		426,872
Dividends payable				
Participating Preference Shares 3.5p (2004: 3.5p)	**218,218**		218,218	
Ordinary Shares Final 4p (2004: Second interim 4p)	**77,216**		111,943	
		295,434		330,161
		675,545		757,033

Dividend waivers have been received in respect of those ordinary shares reclassified as non-voting shares held within the Group.

7. Net Revenue after Taxation

The net revenue for the year is broken down as follows:

	Group 2005 £
Dealt with in the financial statements of the parent	**672,459**
Dealt with in the financial statements of the subsidiary – New Centurion Trust Limited	**4,115**
Dealt with in the financial statements of the subsidiary – Abport Limited	**9,720**
Amortised goodwill	**(354,879)**
	331,415

8. Earnings per Share

The calculation of basic earnings per share is based on the following:

	Group 2005 £	Company 2004 £
Revenue after taxation	**331,415**	615,269
Participating preference dividend	**(514,371)**	(561,132)
	(182,956)	54,137
Weighted number of Ordinary shares of 50p each	**2,854,434**	2,798,584
(Loss)/earnings per share	**(6.41p)**	1.93p

The calculation of adjusted earnings per share is based on the following:

	Group 2005 £	Company 2004 £
Revenue after taxation	**331,415**	615,269
Add back goodwill amortisation	**354,879**	–
Participating preference dividend	**(514,371)**	(561,132)
Adjusted revenue after taxation	**171,923**	54,137
Weighted average number of shares being all ordinary voting but excluding non voting shares	**2,741,498**	2,798,584
Earnings per share	**6.27p**	1.93p

	Group 2005
Net basis	
Weighted average number of ordinary shares	**2,854,434**
Shares reclassified as non-voting shares	**(112,936)**
	2,741,498

9. Fixed Asset Investments

	Group 2005 £	Company 2005 £	Company 2004 £
Valuation at 1st April 2004	11,332,235	11,332,235	13,107,516
Unrealised (appreciation)/depreciation at 1st April 2004	(154,363)	(154,363)	325,726
Cost at 1st April 2004	11,177,872	11,177,872	13,433,242
Additions	5,188,662	3,532,152	1,546,487
Cost of disposals	(2,596,593)	(2,596,593)	(3,801,857)
Cost at 31st March 2005	13,769,941	12,113,431	11,177,872
Unrealised appreciation at 31st March 2005	619,385	602,218	154,363
Valuation at 31st March 2005	14,389,326	12,715,649	11,332,235
Aggregate value of investments listed on a recognised Stock Exchange	12,384,583	10,777,028	8,859,515
Other investments at Directors' valuation	2,004,743	1,938,621	2,472,720
	14,389,326	12,715,649	11,332,235

10. Investment in Subsidiaries

	Group 2005 £	Company 2005 £	Company 2004 £
Cost at 1st April 2004	–	–	–
Acquisition of Abport Limited	–	3,873	–
Acquisition of New Centurion Trust Limited	–	5,406,679	–
Cost at 31st March 2005	–	5,410,552	–

Subsidiaries
At 31st March 2005 the company held interests in the following subsidiary companies:-

	Country of Incorporation	% Share capital held	Nature of business
New Centurion Trust Limited	Great Britain	100%	Investment Company
Abport Limited	Great Britain	100%	Investment Dealing Company

11. Current Asset Investments

Current asset investments are shown at the lower of cost and market value. If they had been shown at cost they would have been carried at £322,245.

12. Debtors

	Group 2005 £	Company 2005 £	Company 2004 £
Amount due from Abport Limited	–	304,608	–
Other Debtors	29,198	29,198	524
	29,198	333,806	524

13. Creditors: Amounts falling due after one year

	Group 2005 £	Company 2005 £	Company 2004 £
5% loan notes maturing 2010/2015	3,657,004	3,657,004	–

The loan notes were issued at par on 7th March 2005 as part of the consideration for the acquisition of New Centurion Trust Limited. The loan notes are unsecured and unsubordinated and will be redeemed by the Company at par as to 50% of their aggregate original principal amount on the fifth anniversary of the completion date being 7th March 2010 and as to a further 10% on each anniversary thereafter up to and including the tenth anniversary.

14. Share Capital

	2005 Shares	2005 £	2004 Shares	2004 £
Authorised				
Ordinary Shares of 50p each	**4,000,000**	**2,000,000**	3,260,000	1,630,000
Participating Preference Shares of 50p each	**12,640,000**	**6,320,000**	12,640,000	6,320,000
Deferred Shares of 50p each	**100,000**	**50,000**	100,000	50,000
		8,370,000		8,000,000
Allotted, issued and fully paid				
Ordinary Shares of 50p each:				
At 1st April 2004	**2,798,584**	**1,399,292**	2,798,584	1,399,292
Issued in year	**849,372**	**424,686**	–	–
	3,647,956		2,798,584	
Re-designated as non-voting shares, held by the Company	**(1,717,565)**	**(858,782)**	–	–
At 31st March 2005	**1,930,391**	**965,196**	2,798,584	1,399,292
Non-voting ordinary shares of 50p each:				
Re-designated as non-voting shares, held by the Group	**1,717,565**	**858,782**	–	–
Participating Preference Shares of 50p each	**6,234,805**	**3,117,403**	6,234,805	3,117,403
Deferred Shares of 50p each	**100,000**	**50,000**	100,000	50,000
Nominal share capital		**4,991,381**		4,566,695

On 7th March 2005 the Company's authorised share capital was increased by £370,000 through the creation of 740,000 ordinary shares of 50p each ranking *pari passu* with the existing ordinary shares. On 7th March 2005 the Company acquired New Centurion Trust Limited, which until immediately before the acquisition had been its parent, through the issue of 849,372 ordinary shares at 170p per share and the issue of £3,657,004 5% unsecured loan notes 2010/15. As part of the acquisition those shares in the Company previously held by New Centurion Trust Limited were re-designated non-voting ordinary shares of 50p each. In accordance with section 23(5) of the Companies Act 1985, shares held by a subsidiary in its parent company are prevented from exercising any voting rights.

The Participating Preference Shares entitle the holders, in priority to the payment of any dividend to the holders of all or any other shares in the capital of the Company, to a fixed net cash cumulative dividend at the rate per annum of 7p per share. In addition, holders are entitled to a participating dividend at the rate of 25% of any dividends paid on the Ordinary Shares in excess of 2p net per share for any year, subject to a maximum participating dividend in respect of any year of 3p net per share. Upon a return of capital, holders of the Participating Preference Shares are entitled to repayment of the nominal amount of capital of 50p paid up on each share together with a premium of an additional 50p per share in priority to the distribution of any surplus assets amongst the holders of the Ordinary Shares. The Participating Preference Shares confer voting rights only in certain circumstances.

The Deferred Shares confer no voting or dividend rights and negligible rights upon a repayment of capital. Cancellation of the deferred shares was confirmed by the High Court on 18th May 2005.

The Ordinary Shares entitle the holders to receive all ordinary dividends and all remaining assets on a winding up, after the Participating Preference Shares have been satisfied in full.

The non-voting ordinary shares, all of which are held by New Centurion Trust Limited, a subsidiary of the Company, rank *parri passu* with the existing ordinary shares except that they do not have the right to vote at General Meetings of the Company.

15. Reserves

	Group 2005 £	Company 2005 £	Company 2004 £
Share premium			
Balance at 1st April 2004	–	–	–
Premium on new shares issued	1,019,246	1,019,246	–
Balance at 31st March 2005	1,019,246	1,019,246	–
Own shares held			
Balance at 1st April 2004	–	–	–
Own shares acquired on purchase of New Centurion Trust Limited	(2,919,861)	–	–
Balance at 31st March 2005	(2,919,861)	–	–
Capital redemption reserve			
Balance at 1st April 2004 and 31st March 2005	2,439,800	2,439,800	2,439,800
Revaluation reserve			
Balance at 1st April 2004	154,363	154,363	(325,726)
Unrealised revaluation of investments	436,258	447,855	480,089
Balance at 31st March 2005	590,621	602,218	154,363
Capital reserve			
Balance at 1st April 2004	3,622,403	3,622,403	4,510,426
Realised gains/(losses) as reported in Statement of Total recognised Gains and Losses	505,081	505,081	(888,023)
Balance at 31st March 2005	4,127,484	4,127,484	3,622,403
Revenue Account			
Balance at 1st April 2004	415,983	415,983	557,747
Retained earnings for the year	(344,130)	(3,087)	(141,764)
Balance at 31st March 2005	71,853	412,896	415,983

16. Ultimate Holding Company

On 7th March 2005 the Company acquired New Centurion Trust Limited which until immediately before the time of the acquisition held a controlling shareholding in the Company. Accordingly, the Company no longer has an ultimate holding company.

17. Related Party Transactions

During the year the Company was charged fees of £12,373 (2004: £11,373) by CitiLegal Consultants Limited, a company in which Mr P. F. Simms was managing director during the year.

During the year the Company was charged management fees of £132,098 (2004: £136,541) by Ionian Investment Management which is a division of Fiske plc. The amount outstanding at 31st March 2005 was £nil (2004: £9,933). Mr S. J. Cockburn is interested as a director and substantial shareholder in Fiske plc.

On 22nd October 2004 the Company acquired the entire issued share capital of Abport Limited for £3,873 from Jove Investment Trust plc, a company in which Mr. S. J. Cockburn and Sir David Thomson were directors and shareholders.

On 7th March 2005 the Company acquired the entire issued share capital of New Centurion Trust Limited, its former parent company, through the issue of 849,372 ordinary shares of 50p each and £3,657,004 5% loan notes. Miss J. B. Webb was the joint owner of New Centurion Trust Limited which had an interest in 61.37% of the issued ordinary share capital of the Company.

18. Contingent Liabilities

There were no contingent liabilities at 31st March 2005 (2004: Nil).

The Company has an unsecured overdraft facility of £1.5 million.

19. Reconciliation of Movements in Shareholders' Funds

	Group 2005 £	Company 2005 £	Company 2004 £
Revenue for the financial year	**331,415**	**672,459**	615,269
Dividends	**(675,545)**	**(675,545)**	(757,033)
	(344,130)	**(3,086)**	(141,764)
Issue of new shares	**1,443,932**	**1,443,932**	–
Non-voting ordinary shares held by the company in itself	**(2,919,861)**	**–**	–
Other recognised gains and losses relating to the year (page 15)	**941,339**	**952,935**	(407,934)
Net reduction to shareholders' funds	**(878,720)**	**2,393,781**	(549,698)
Opening shareholders' funds	**11,199,244**	**11,199,244**	11,748,942
Closing shareholders' funds	**10,320,524**	**13,593,025**	11,199,244
Represented by:			
Non-equity shareholders	**6,234,805**	**6,234,805**	6,234,805
Equity shareholders	**4,085,719**	**7,358,220**	4,964,439
	10,320,524	**13,593,025**	11,199,244

The non-equity shareholders' interests are the interests in the Participating Preference Shares and the Deferred Shares.

A reconciliation of the Consolidated balance sheet and the Company's balance sheet is as follows:

	£
Consolidated balance sheet net assets	**10,320,524**
Add:	
Cost of non-voting ordinary shares of the Company held by New Centurion Trust Limited	**2,919,861**
Goodwill on acquisition of New Centurion Trust Limited and Abport Limited being primarily costs of acquisition which have been amortised in the consolidated accounts	**354,879**
Less:	
Adjustments for post acquisition trading of subsidiaries	**(2,239)**
Company balance sheet net assets	**13,593,025**

The consolidated balance sheet is shown on page 16 and the Company balance sheet is shown on page 17.

20. Net asset value per share

The net asset value per share is calculated as follows:

Group	2005 £	2004 £
Basic:		
Net assets at 31st March 2005	**10,320,524**	11,199,244
Less: assets attributable to:		
Participating Preference Shareholders	**(6,234,805)**	(6,234,805)
Deferred Shareholders	**–**	–
Attributable to Ordinary Shares	**4,085,719**	4,964,439
Ordinary Shares in issue	**1,930,391**	2,798,584
Net assets per ordinary share	**211.65p xd**	177.39p xd

The net asset value of the Group as shown on the consolidated balance sheet reflects the market value of the underlying investments of New Centurion Trust Limited as at 31st March 2005.

21. Analysis of Financial assets & liabilities

As required by FRS13 – Derivatives and Other Financial Instruments, an analysis of the financial assets and liabilities, which identifies the risk of the group of holding such items is given below:-

Fixed Assets	2005 £	2004 £
Listed Investments	**12,384,583**	8,859,515
Unlisted investments	**2,004,743**	2,472,720
	14,389,326	11,332,235

Current asset investments

The group holds current asset investments with a market value of £318,201 at the year end.

Current assets and liabilities

The group's current assets and liabilities are denominated in sterling. The interest rate on the overdraft at 31st March 2005 was 6.75% (2004: 6.00%)

Long term loan

The loan notes bear interest at 5% per annum and are repayable in instalments from 7th March 2010.

Background

The investment objective of the group is to generate income and capital growth over the medium term. The group's financial instruments comprise investments, in fixed interest securities and prior charge investments, borrowings for investment purposes or for settlement purposes, cash balances and debtors and creditors that arise directly from its operations.

The principal risks the group faces in its portfolio management acitivities are:

- Market price risk – arising from uncertainty about future prices of financial instruments used by the group;
- Interest rate risk – arising because the group may borrow funds in order to increase the amount of capital available for investment; and
- Liquidity risk – because the group may invest in small companies with more limited marketability and in investments not traded on recognised or designated investment exchanges.

Policy

The investment philosophy of the Managing Director is to identify areas of value and undiscounted growth.

Specific policies for managing risks are summarised below and have been applied throughout the period:

1. *Market price risk*

The Managing Director monitors the prices of financial instruments held by the group on a regular basis.

2. *Interest rate risk*

The Company finances its operations through existing reserves and an overdraft facility which is reviewed annually. During the year ended 31st March 2005, the group could borrow up to £1,500,000 at 2% over base rate against the overdraft facility.

3. *Liquidity risk*

The group's assets mainly comprise readily realisable quoted and unquoted securities that can be sold to meet funding commitments if necessary. Short term flexibility is achieved through the use of overdraft facilities.

22. Post Balance Sheet Events

On 18th May 2005 the Company received confirmation from the High Court for the cancellation of the 100,000 deferred shares of 50p each that remained in issue and the re-classification of the Capital Redemption Reserve as a distributable reserve.

TWENTY LARGEST INVESTMENTS

At 31st March 2005

Stock	Number	% Issue	Book	Market or directors' valuation	% of total portfolio
1. Whitbread Hotel Co (fmly Swallow/Vaux)					
4½% 'A' cum pref £1	546,640	46.03%	326,782	429,112	
6½% 'A' cum pref £1	496,037	33.07%	414,427	498,517	
7% cum pref £1	86,738	22.35%	63,920	95,845	
			805,129	1,023,474	7.11%
2. REA Holdings					
9% cum pref £1	960,009	11.29%	815,504	1,017,610	7.07%
3. Delta Group					
4½% 2nd cum pref £1	867,042	44.69%	529,841	645,946	
6% 1st cum pref £1	223,444	25.80%	177,917	195,514	
			707,758	841,460	5.85%
4. Equitable Life Finance					
8% sub gtd bonds 2049	600,000	0.35%	368,000	594,000	4.13%
5. Right Mgnt Consultants (fmly Coutts)					
5p cnv pref £1†§	310,000	6.20%	187,477	279,000	
8p cnv pref £1†§	245,000	6.53%	250,840	245,000	
			438,317	524,000	3.64%
6. New Fulcrum Investment Trust					
Ordinary 10p§	1,475,000	6.40%	411,072	523,625	3.64%
7. Fishguard & Rosslare					
3½% gtd preference stock	£775,999	62.70%	433,040	500,519	3.48%
8. Coats (fmly Coats Viyella)					
4.9% cum pref £1	693,719	4.75%	482,588	468,260	3.25%
9. Peninsular & Oriental Steam Navigation Company					
5% cum pfd stock§	£514,151	15.38%	359,402	384,780	
5.5% non-cum pref £1§	£50,000	0.08%	55,551	55,000	
			414,953	439,780	3.06%
10. Dunlop Plantations					
6% cum pref £1	538,493	21.54%	374,386	390,407	2.71%
11. Amalgamated Metal					
5.4% cum pref £1†	256,065	18.22%	144,049	192,049	
6% cum pref £1†	213,510	23.72%	103,844	185,754	
			247,893	377,803	2.63%
12. Fiske					
Ordinary §†	455,000	5.48%	273,444	370,825	2.58%

Stock	Number	% Issue	Book	Market or directors' valuation	% of total portfolio
13. Courtaulds Clothing Brands					
7½% cum pref £1	351,052	39.01%	333,389	359,828	2.50%
14. Renold					
6% cum pref £1	422,109	72.72%	330,490	356,682	2.48%
15. Chemetall					
9% cum red pref 2008 (fmly Brent Int'l)	349,000	2.91%	317,807	347,255	2.41%
16. Stanelco					
Ordinary §	2,000,000	0.29%	143,073	345,000	2.40%
17. Caffyns					
10% cum pref £1	60,000	9.26%	52,869	88,200	
6½% 1st cum pref £1	253,894	65.27%	222,597	247,547	
			275,466	335,747	2.33%
18. S&U					
6% cum pref £1	67,850	33.93%	56,198	61,404	
31½% pref 12.5p	489,192	13.59%	266,283	262,266	
			322,481	323,670	2.25%
19. Investec Investment Trust					
3½% cum pref	320,073	24.62%	193,516	219,250	
5% cum pref	104,043	30.12%	92,858	79,593	
			286,374	298,843	2.08%
20. Crane Europe					
5½% cum pref £1	275,214	27.52%	173,106	295,855	2.06%
			7,954,270	9,734,643	67.65%

§ Issues with unrestricted voting rights

† Unquoted investments at Directors' valuation

The Company has a total of 104 holdings in 84 companies.

NOTICE OF MEETING

Notice is hereby given that the 138th ANNUAL GENERAL MEETING of members will be held at Lion House, Red Lion Street, London, WC1R 4GB at 12.30 pm on Wednesday 21st September 2005 for the following purposes;

Ordinary Business

1. To receive and adopt the Directors' report and accounts for the year ended 31st March 2005.

2. To receive and approve the Directors' remuneration report for the year ended 31st March 2005.

3. To re-elect Mr Peter S. Allen as a Director.

4. To re-elect Miss Joan Webb as a Director.

5. To elect Sir David Thomson Bt who, having been appointed as a director since the last general meeting of the Company, offers himself for election as a director.

6. To reappoint the Auditors and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following Resolutions which will be proposed as Ordinary Resolutions:

7. That the authority conferred by Article 10(B) of the Articles of Association of the Company (as adopted at the Extraordinary General Meeting of the Company held on 11th September 1997) to make market purchases of Ordinary Shares of 50p each and of Participating Preference Shares of 50p each in its capital be further renewed so that the authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006 but not so as to prejudice the completion of a purchase before that date, and be varied as follows:

   (a) the maximum amount of Ordinary Shares which may be so acquired is 289,558; and

   (b) the maximum amount of Participating Preference Shares which may be so acquired is 1,246,961.

8. That the power conferred by Resolution 4 passed at the Extraordinary General Meeting held on 11th September 1997 as renewed and expiring at the conclusion of this Annual General Meeting be further renewed to the effect that the Board be empowered pursuant to Section 80 of the Companies Act 1985 ("the Act") to

exercise all the powers of the Company to allot relevant securities up to a maximum of the authorised but unissued share capital of each class of share capital of the Company as if Section 89(1) of the Act did not apply to such allotment and provided that this authority shall expire 15 months from the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, save that the Company may prior to the expiry of such authority make an offer or agreement under which relevant securities would or might fall to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Registered Office:
3rd Floor
Salisbury House
London Wall
London EC2M 5QS

Dated this 1st day of August 2005

By order of the Board
James P. Q. Harrison
Secretary

Notes:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

To be valid a duly executed form of proxy (and any power of attorney or other authority under which it is executed) must be lodged with the Company's registrars, IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR, not later than 12.30pm on 19th September 2005. Lodgement of a form of proxy will not prevent a holder from attending and voting in person.

There will be available for inspection at 3rd Floor, Salisbury House, London Wall, London EC2M 5QS, during business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the meeting the Register of Directors' interests in the share capital of the Company and the contract of service entered into between the Company and the Managing Director.