Notice of Annual General Meeting

00533107

NOTICE IS HEREBY GIVEN that the Thirty second Annual General Meeting will be held at 34 Upper Queen Street, Belfast on 5th July, 1995 at 12 noon for the following purposes:

ORDINARY BUSINESS

1. *To receive and consider the Directors' Report and Statement of Accounts for the year ended 5th April, 1995.*

2. *To declare a dividend for the year ended 5th April, 1995.*

3. *To re-elect directors.*

4. *To re-appoint the Auditors and to authorise the directors to agree their remuneration.*

SPECIAL NOTICE

5. *To re-elect Captain O.W.J. Henderson as a director, special notice being required by company law for directors over seventy years of age.*

By Order of the Board

H. C. E. HARDING
Secretary

34 Upper Queen Street,
Belfast BT1 6HG

12th June, 1995

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his or her behalf and such a proxy need not be a member of the Company.

There are no Contracts of Service whereunder Directors of the Company are employed by the Company or any subsidiary.

Directors	A. TYSER, MA (OXON), Chairman M. R. CORNWALL-JONES (appointed 1st November, 1994) MAJOR G. W. C. HARDING LT.-COL. H. C. E. HARDING, MC, A.C.I.S. CAPTAIN O. W. J. HENDERSON, O.B.E., DL. T. R. PATTISON, M.S.I. (DIP) R. P. A. SPILLER MA (OXON), M.S.I. (DIP)
Secretary	LT.-COL. H. C. E. HARDING, MC, A.C.I.S.
Managers	CAPITAL GEARING MANAGEMENT LIMITED ROYSTON HOUSE, 34 UPPER QUEEN STREET, BELFAST BT1 6HG
Registrars	PRICE WATERHOUSE, BELFAST BT1 6HG
Registered Office	ROYSTON HOUSE 34 UPPER QUEEN STREET, BELFAST, BT1 6HG
Bankers	NORTHERN BANK LIMITED, BELFAST
Auditors	PRICE WATERHOUSE CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
Registered Number	NI 5574

Chairman's Statement

Net assets per 25p Ordinary Share appreciated from 522.5p on the 5th April, 1994 to 548.7p on the 5th April, 1995, an increase of 5.0%. Over the same period the Financial Times Index of Investment Trust shares fell by 5.7% from 2790 to 2632.

As in previous years the uplift in the surrender value of the endowment policies issued by London & Manchester has contributed to the growth in assets; as it happens, this year the increase was at about the same rate as the portfolio generally. The last of the policies mature in 1998.

The portfolio throughout the period under review has continued to take advantage of the high real interest rates prevailing in financial markets. The emphasis on zero-coupon and stepped preference shares has been maintained, although in the last quarter of the year, more exposure to equities was built up as prices fell back to attractive levels. The breakdown of the portfolio can be seen on pages 4 and 17.

Given uncertain markets for most of the year, bank borrowings were kept at a modest amount, but were increased to £1,306,000 towards the year end, as confidence in financial returns rose.

The outlook for the current year looks benign in terms of growth, but cyclical inflationary pressure poses a threat to financial markets in the medium term. Long term interest rates nevertheless look attractive relative to the prospects for inflation in the years to come.

Investment income for the year was £157, 083. The Board recommends payment of a dividend of 0.50p for the year ended 5th April, 1995, representing an increase of 11.1% over last years payment of 0.45p.

As stated in all years since 1984, the Board intends to ensure that shareholders who wish to realise their investment in 1998 will have an opportunity to do so at a price that reflects fairly the asset value of the company.

During the year, Mark Cornwall-Jones joined the Board where his long experience in the investment trust movement has already proved valuable. Following the example of my predecessor and recognising my advancing years, I now propose that he should replace me as Chairman at the conclusion of the Annual General Meeting.

12th June, 1995

A. TYSER
Chairman

DISTRIBUTION OF INVESTED FUNDS

	Percentage of underlying assets					
	UK	*North America*	*Europe*	*Far East*	*Elsewhere Overseas*	*1995 Total*
Investment Trust Ordinary Shares	9.8	3.7	1.2	3.2	3.5	21.4
Investment Trust Capital Shares	6.5	-	-	-	-	6.5
Investment Trust Stepped and Zero Dividend Preference Shares	51.1	1.7	10.2	0.1	0.5	63.6
Investment Trust Preference Shares (including participating) and Fixed interest stocks	0.4	8.1	-	-	-	8.5
	67.8	13.5	11.4	3.3	4.0	100.0

MAJOR INVESTMENTS OF THE COMPANY

	£
Investment Trust Ordinary Shares:	
G.T. Chile Investment Company	251,325
Realisation Company	226,800
Baring Stratton Investment Company	202,500
Investment Trust Capital Shares:	
M & G Dual Trust	412,800
Save and Prosper Linked Investment Trust	292,500
Investment Trust Preference Shares:	
General Consolidated Investment Trust - Stepped	986,100
Jupiter Europe Investment Trust - Zero Dividend	914,250
Gartmore Shared Equity Investment Trust - Zero Dividend	738,500
Fleming Income and Capital Investment Trust - Zero Dividend	708,750
Yeoman Investment Trust - Zero Dividend	639,000
River and Mercantile Trust - Stepped	577,321
Johnson Fry Utilities Investment Trust - Zero Dividend	527,250
M & G Income Investment Trust - Zero Dividend	508,500
TR Technology - Zero Dividend	478.000
U.S.A. Fixed Interest:	
JF Pacific Warrant Company - Preference	590,000
Exxon Capital Corporation 0% Guaranteed Notes - 2004	374,649

HISTORICAL RECORD

THE CAPITAL GROWTH OF THE COMPANY 10 YEARS TO 1995

5th April	*Net Assets* £	*NAV 25p Shares* p	*Appreciation on previous year* %	*Financial Times Trust Index*	Note	*Appreciation on previous year of Financial Times Trust Index* %
1986	2,757,236	123.6	37	756.5		27.4
1987	3,919,047	175.7	42	956.1		26.4
1988	4,132,938	185.3	5	844.7		-11.7
1989	5,348,517	239.7	29	1,093.1		29.4
1990	5,472,481	245.3	2	1,137.6		4.1
1991	6,487,855	290.8	18	1,220.1		7.3
1992	7,659,010	343.3	18	1,124.4		-7.8
1993	9,894,809	443.5	29	1,443.7	2,211.7	27.5
1994	11,657,649	522.5	18	-	2,790.1	26.1
1995	12,240,774	548.7	5	-	2,631.9	-5.7

Note: The Financial Times Trust Index figures above have been adjusted to take account of the reconstitution of the figures which took place on 1st January, 1994.

As at 31st March, 1982 the adjusted value for Capital Gains Tax purposes of the 25p Ordinary Shares was 21.25p.

DIRECTORS
The directors of the Company during the year to 5th April, 1995 were:

A. Tyser MA (Oxon) (74) - Chairman
A director since 1981. Appointed chairman in 1990. Mr Tyser was a partner in Hoare & Co and subsequently in Hoare Govett.

M.R. Cornwall-Jones (62)
Appointed a director on 1st November, 1994. Mr Cornwall-Jones is also chairman of the Ecclesiastical Insurance Group, a director of the Halifax Building Society, Govett Oriental Investment Trust plc, and of other companies.

Major G. W. C. Harding (78)
A founder director of the company who initiated the concept of gearing the performance of investment trusts - Chairman 1963-1990. With Sir R. W. Carden & Co., stockbrokers 1958-1970. Chairman New Northern Spinning and Weaving Co. Ltd 1959-1970. Chairman Ewart P.L.C. 1977-1986. Member The Royal Economic Society.

Lt..-Col. H.C.E. Harding, MC, A.C.I.S. (75)
Appointed a director 1969. Appointed company secretary 1974.

Captain O.W.J. Henderson, O.B.E., D.L., F.B.I.M. (70)
A founder director of the company in 1963. Captain Henderson is also a director of Ewart P.L.C., and Universities Press (Belfast) Limited.

T. R. Pattison M.S.I. (Dip) (44)
Appointed a director in 1984. Mr Pattison is an executive director of Capel-Cure Myers Capital Management Limited.

R. P. A. Spiller, MA (Oxon), M.S.I. (Dip) (46)
Appointed a director in 1986. Mr Spiller is a partner in Cazenove & Co. and a director of Cazenove Unit Trust Management Limited.

Report by the Directors

The Directors present their Report and the Audited Accounts of the Company and Group for the year ended 5th April, 1995.

Status and Activities

The Company operates as an approved Investment Trust within the meaning of Section 842 of the Income and Corporation Taxes Act, 1988 confirmation of which has been received from the Inland Revenue for the year ended 5th April, 1994. Such approval is expected to be granted for the accounting year now under review.

So far as the directors are aware the Company is not a close company within the provisions of the Income and Corporation Taxes Act, 1988.

A review of the year's activities and an indication of future policy is given in the Chairman's Statement.

Share Capital

There have been no changes in the total share capital during the year.

Net Asset Value

At 5th April, 1995 net assets per 25p Ordinary Share amounted to 548.7 pence, as compared with a figure of 522.5 pence for 1994.

Results

The profit for the financial year was £17.730 (1994 - £13,040).

Dividend

The Directors recommend the payment of a dividend of 0.50p per Ordinary Share for the year ended 5th April, 1995.

Accounting Policies

The accounting policies are stated in the Notes to the Accounts.

Political and Charitable Contributions

No contributions were made for political or charitable purposes.

Directors and their Interests

The directors in office at 5th April, 1995 have been directors throughout the year except for M.R. Cornwall-Jones who was appointed on 1st November, 1994, and their interests in the shares of the company at 5th April, 1995, together with particulars of the holdings of their immediate families were:

Ordinary Shares of 25p each in Capital Gearing Trust p.l.c.

	Beneficial interests			Non Beneficial interests		
	5.4.94	5.4.95	17.5.95	5.4.94	5.4.95	17.5.95
A. Tyser	141,000	141,000	141,000	63,568	63,568	63,568
M. R. Cornwall-Jones	-	5,000	5,000	-	-	-
H. C. E. Harding	21,000	19,750	19,750	134,713	133,416	133,416
G. W. C. Harding	65,373	64,008	64,008	43,128	41,518	41,518
O. W. J. Henderson	3,000	3,000	3,000	-	-	-
T. R. Pattison	2,000	2,000	2,000	-	-	-
R. P. A. Spiller	241,200	241,200	241,200	-	-	-

Contracts

There were no contracts existing either during the year or at the end of the year in which any of the directors are or were materially interested.

Retiring Directors

The directors to retire by rotation are T. R. Pattison and Captain O. W. J. Henderson, who being eligible, will be proposed for re-election. Captain Henderson having reached 70 years of age, special notice of the intention to re-elect has been given.

M. R. Cornwall-Jones who was appointed a director during the year retires and will be proposed for re-election.

Management

Under an agreement dated 21st June, 1979 Capital Gearing Management Limited provides all investment management and administrative services. The agreement is terminable at two years notice. The remuneration agreed for the year under review was £45,000. All the directors are also directors of the management company.

Corporate Governance

The Code of Best Practice which resulted from the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance made a number of recommendations concerning best practice in terms of the control and reporting functions of boards of directors. Guidance as to how compliance might best be achieved with the reporting recommendations relating to the effectiveness of internal controls is currently awaited from the accounting profession. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

While the board of directors fully supports the Code of Best Practice, it feels that, due to the size of the company and the control exercised by them through regular meetings, the requirements relating to the appointment of non executive directors, and the setting up of remuneration and audit committees are not applicable to this company.

The control environment within Capital Gearing Trust plc is one of central executive control. It is within this environment that the board fulfils its responsibility as set out in the directors' responsibility statement below.

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts 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 accounts comply with the Companies (Northern Ireland) Order 1986. 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.

Substantial Shareholders

The following control 3% or more of the Company's Ordinary Share Capital.

	Ordinary Shares held	*Percentage*
Greenwood Nominees Limited	280,118	12.6
Capel-Cure Myers (Nominees) Limited 'ID' Account	163,847	7.3
Nat West Claro Nominees Limited CCM Account	89,000	4.0

Auditors

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution proposing their re-election will be made at the Annual General Meeting.

By Order of the Board

H. C. E. Harding
Secretary

34 Upper Queen Street,
Belfast,
BT1 6HG

12th June, 1995

AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPITAL GEARING TRUST p.l.c.

We have audited the accounts on pages 10 to 19 which have been prepared under the historical cost convention as modified for the revaluation of investments and the accounting policies set out on page 16.

Respective responsibilities of directors and auditors

As described on page 8 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 5th April, 1995 and of the profit and cashflow of the Group for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

Corporate governance matters

In addition to our audit of the financial statements we have reviewed the directors' statement on page 7 concerning the company's compliance with the Code of Best Practice, insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the Bulletin 'Disclosures relating to corporate governance' issued by the Auditing Practices Board.

The purpose of the directors' statement is to give readers information which assists in forming their own views regarding the governance of the company. In respect of the paragraphs of the Code specified for our consideration, we are required to draw attention to any aspect of the company's non-compliance with the Code which the directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the company's governance procedures.

Through enquiry of certain directors and officers of the company, and examination of relevant documents, we have satisfied ourselves that the directors' statement appropriately reflects the company's compliance with the specified paragraphs of the Code.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
Belfast

12th June, 1995

CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 5th APRIL, 1995

	Notes	Continuing operations	1995	Continuing operations	1994
		£	£	£	£
DIVIDENDS			110,605		136,598
INTEREST			46,478		62,069
COMMISSION			-		1,007
			157,083		199,674
Deduct: Expenses					
Bank interest		72,894		99,991	
Management expenses	2	60,084		52,532	
Directors' fees	3	550		525	
Audit fees	5	4,959		5,377	
			(138,487)		158,425
NET REVENUE BEFORE TAXATION			18,596		41,249
Taxation	6		(4,212)		(4,777)
			14,384		36,472
TRANSFER FROM/(TO) CAPITAL RESERVE	15		3,346		(23,432)
PROFIT FOR YEAR AFTER TAXATION			17,730		13,040
BALANCE BROUGHT FORWARD			10,949		7,948
			28,679		20,988
PROPOSED DIVIDEND					
Dividend of 0.50p per ordinary share (1994 -0.45p)			(11,155)		(10,039)
BALANCE CARRIED FORWARD			17,524		10,949
HOLDING COMPANY			17,524		10,949
SUBSIDIARY COMPANIES			-		-
			17,524		10,949
EARNINGS PER SHARE	7		0.79p		0.58p

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 16 to 19 form an integral part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 5th APRIL, 1995

	1995	*1994*
	£	£
CAPITAL PROFIT ON INVESTMENTS		
Profits on sale of investments	598,051	1,699,942
Unrealised gain on revaluation to market value of investments	(74,093)	(268,497)
Further proceeds from companies in liquidation	-	3,056
Revenue surplus in Capital Gearing (Overseas) Limited:		
For year	(3,346)	23,432
Foreign exchange difference	11,398	(2,579)
Difference in exchange rates	(92,038)	29,599
Increase in life assurance policies to surrender value	136,578	276,304
Legal fees	-	(1,416)
CAPITAL SURPLUS FOR THE YEAR	576,550	1,759,841
Revenue profit available for distribution	17,730	13,040
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	594,280	1,772,881
DISTRIBUTABLE PROFITS		
Revenue profit available for distribution	17,730	13,040
Dividends	(11,155)	(10,039)
Transfer to distributable reserves	6,575	3,001
NON-DISTRIBUTABLE PROFITS		
Transfer to non-distributable reserves	576,550	1,759,841
	583,125	1,762,842

CONSOLIDATED BALANCE SHEET AS AT 5th APRIL, 1995

	Notes		*1995*		*1994*
		£	£	£	£
EMPLOYMENT OF CAPITAL					
Investments	1 & 8	11,989,241		10,454,621	
Life Assurance Policies	9	1,582,335		2,045,626	
			13,571,576		12,500,247
CURRENT ASSETS					
Debtors	11	42,077		641,199	
CREDITORS:					
Amounts falling due within one year:					
Bank borrowings	12	1,305,375		1,439,283	
Other	13	67,504		44,514	
		1,372,879		1,483,797	
NET CURRENT LIABILITIES			(1,330,802)		(842,598)
TOTAL ASSETS LESS CURRENT LIABILITIES			12,240,774		11,657,649
NET ASSETS			12,240,774		11,657,649
CAPITAL EMPLOYED:					
CALLED UP SHARE CAPITAL	14		557,726		557,726
CAPITAL RESERVES					
Share premium		95,650		95,650	
General capital	15	11,569,874		10,993,324	
			12,223,250		11,646,700
REVENUE RESERVE			17,524		10,949
			12,240,774		11,657,649

A. TYSER, G. W. C. HARDING, *Directors*

Date: 12th June, 1995.

The notes on pages 16 to 19 form an integral part of these accounts.

BALANCE SHEET AS AT 5th APRIL, 1995

	Notes		1995	1994
		£	£	£
EMPLOYMENT OF CAPITAL				
Investments	1 & 8	11,024,592		9,642,192
Life Assurance Policies	9	1,582,335		2,045,626
			12,606,927	11,687,818
SUBSIDIARY COMPANIES				
Shares at cost	10	514,571		514,571
Advances to companies		74		-
Advances from companies		(362)		(117,052)
			514,283	379,519
CURRENT ASSETS				
Debtors	11	42,077		641,199
CREDITORS:				
Amounts falling due within one year:				
Bank borrowings	12	1,305,840		1,439,374
Other	13	63,400		41,566
		1,369,240		1,480,940
NET CURRENT (LIABILITIES)			(1,327,163)	(839,741)
TOTAL ASSETS LESS CURRENT LIABILITIES			11,794,047	11,245,596
CAPITAL EMPLOYED:				
CALLED UP SHARE CAPITAL	14		557,726	557,726
CAPITAL RESERVES				
Share premium			95,650	95,650
General capital	15		11,123,147	10,581,271
REVENUE RESERVE			17,524	10,949
			11,794,047	11,245,596

A. TYSER, G. W. C. HARDING, *Directors*

Date: 12th June, 1995.

The notes on pages 16 to 19 form an integral part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 5th APRIL, 1995

	Notes		*1994*		*1993*
		£	£	£	£
NET CASH INFLOW/(OUTFLOW)	1.				
FROM OPERATING ACTIVITIES			618,635		(496,131)
RETURNS ON INVESTMENT					
AND SERVICING OF FINANCE					
Dividends paid			(10,039)		(9,593)
TAXATION					
Corporation tax received		28,143		30,992	
Corporation tax paid		-		(3,487)	
TOTAL TAX RECEIVED			28,143		27,435
INVESTING ACTIVITIES					
Purchase of investments		(4,283,468)		(4,626,487)	
Sales of investments		3,191,093		4,978,340	
Life assurance premiums paid		(15,532)		(19,770)	
Life assurance policies maturing		615,401		186,529	
Final cash dividend from liquidated investment		1,008		-	
NET CASH (OUTFLOW)/INFLOW					
FROM INVESTING ACTIVITIES			(491,498)		518,612
NET CASH INFLOW					
BEFORE FINANCING			145,241		40,323
FINANCING					
Net exchange movement					
arising on consolidation			(11,333)		29,597
INCREASE IN CASH					
AND CASH EQUIVALENTS	2.		133,908		69,920

The notes on page 15 form part of this consolidated cash flow statement.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1995	*1994*
	£	£
Income before taxation	18,596	41,249
Decrease/(increase) in accrued income and sundry debtors	595,269	(404,149)
Increase in sundry creditors	21,874	(99,370)
Tax deducted from investment income	(28,502)	(32,922)
Recovery of monies on investments previously written off	-	3,056
Net foreign exchange difference within subsidiary, taken to capital reserve	11,398	(2,579)
Legal fees	-	(1,416)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	618,635	(496,131)

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995	*1994*
	£	£
Balance at 6th April, 1994	(1,439,283)	(1,509,203)
Net cash inflow/(outflow)	133,908	69,920
Balance at 5th April, 1995	(1,305,375)	(1,439,283)

NOTES TO ACCOUNTS - 5th APRIL 1995

1. ACCOUNTING POLICIES

The financial statements of the group have been prepared in accordance with applicable accounting standards.

(a) *Accounting convention*

The accounts are prepared under the historical cost convention and modified by the valuation of investments and life assurance policies.

(b) *Revenue*

Dividends and interest on investments are accounted for on a due date basis and are grossed up at the appropriate rate of tax credit.

(c) *Foreign currency*

The profits of the overseas subsidiary and its liabilities are converted from US Dollars into Sterling at the rate applying at the 5th April, 1995.

(d) *Investments*

Investments are stated at their market value at the Balance Sheet date, the difference between cost and market value being transferred to Capital Reserve.

Realised profits and losses on sales of investments and taxation attributable thereto are included in Capital Reserve.

(e) *Life assurance policies*

Life assurance policies are stated at surrender value.

2. MANAGEMENT EXPENSES

The management company, Capital Gearing Management Limited, made a charge for its services during the year of £45,000 (1994 - £41,000).

3. DIRECTORS' EMOLUMENTS

The emoluments of the directors including those paid by the management company, Capital Gearing Management Limited, were as follows:

	Group and company	
	1995	*1994*
	£	£
Emoluments	19,100	15,725
Chairman's emoluments	5,700	5,300
The emoluments of other directors fall within the following band:	Number	Number
£0-£5,000	6	5

4. EMPLOYEES

	Group and company	
	1995	*1994*
	£	£
	Number	Number
The average number of employees, including directors, during the year was	7	6

5. AUDITOR'S REMUNERATION

	1995	*1994*
	£	£
Audit services	4,959	5,377
Non audit services	6,847	7,562
	11,806	12,939

6. TAXATION

	1995	1994
	£	£
Taxation on the profits for the year:		
UK Corporation tax	(17,909)	(22,543)
Taxation on dividends received	22,121	27,320
	4,212	4,777

7. EARNINGS PER SHARE

The calculation is made with reference to net profit of £17,730, divided by the number of ordinary shares of 25p each in issue during the year of 2,230,906.

8. INVESTMENTS

Investments comprise:

	Group 1995	1994	*Company* 1995	1994
Listed Investment Trusts:	£	£	£	£
Incorporated in the United Kingdom	10,327,877	8,675,832	10,327,877	8,675,832
Incorporated Overseas	646,294	588,864	646,294	588,864
UK Gilts	640,421	819,996	50,421	377,496
Other Listed Investments:				
Non United Kingdom	374,649	369,929	-	-
	11,989,241	10,454,621	11,024,592	9,642,192
Market Value of Investments	£	£	£	£
held at 6th April, 1994	10,454,621	9,375,029	9,642,192	8,377,598
Unrealised appreciation at 6th April, 1994	(2,064,754)	(2,333,251)	(1,908,417)	(2,177,351)
Cost of Investments as at 6th April, 1994	8,389,867	7,041,778	7,733,775	6,200,247
Additions at cost	4,283,468	4,636,487	4,283,468	4,636,487
Disposals at cost	(2,691,246)	(3,288,398)	(2,708,315)	(3,102,959)
Cost of Investments held at 5th April, 1995	9,982,089	8,389,867	9,308,928	7,733,775
Unrealised appreciation at 5th April, 1995	2,007,152	2,064,754	1,715,664	1,908,417
Market Value of Investments held at 5th April, 1995	11,989,241	10,454,621	11,024,592	9,642,192

The company owned 8.1% of the ordinary shares of Realisation Company plc at 5th April 1995.

9. LIFE ASSURANCE POLICIES

The value of the life assurance policies is shown at the surrender value of the policies. The policies mature in 1995 and 1998.

	Group and company 1995	1994
	£	£
Surrender value at 6th April, 1994	2,045,626	1,936,081
Premiums paid year to 5th April, 1995	15,532	19,770
Increase to surrender value	136,578	276,304
Matured during the year	(615,401)	(186,529)
Surrender value at 5th April, 1995	1,582,335	2,045,626

10. SUBSIDIARY COMPANIES

	Company 1995 £	1994 £
Capital Gearing (Overseas) Limited		
Shares at cost	909,948	909,948
Less - amounts written off	(395,477)	(395,477)
	514,471	514,471
Capital Gearing (UK) Limited		
Shares at cost	100	100
	514,571	514,571

(i) Capital Gearing (Overseas) Limited is a wholly owned subsidiary and is incorporated in the Bahama Islands. It was set up for the purpose of obtaining capital appreciation. The company has net assets of £961,198 of which £120 is due to the parent company. This company is included in the consolidation.

The transfer from capital reserve represents the profit of this subsidiary company for the year to 5th April.

(ii) Capital Gearing (UK) Limited is a wholly owned subsidiary and is incorporated in Northern Ireland. It was set up for the purpose of obtaining capital appreciation. No investments were held during the year. This company is included in the consolidation.

11. DEBTORS

	Group and company 1995 £	1994 £
Trade debtors	16,257	607,038
Other debtors	25,820	34,161
	42,077	641,199

12. BANK BORROWINGS

The bank borrowings are secured by the assignment of the life assurance policies to the Northern Bank Limited.

13. CREDITORS:

Amounts falling due within one year

	Group 1995 £	1994 £	Company 1995 £	1994 £
Taxation and social security	612	612	612	612
Accruals	55,737	33,863	51,633	30,915
Proposed dividend	11,155	10,039	11,155	10,039
	67,504	44,514	63,400	41,566

14. CALLED UP SHARE CAPITAL

	Group and company 1995 £	19934 £
(i) Allotted and fully paid		
2,230,906 Ordinary shares of 25p	557,726	557,726

(ii) Authorised
The authorised share capital of the company is £625,000 divided into 2,500,000 ordinary shares of 25p each.

15. CAPITAL RESERVE

	Group *1995*	*1994*	*Company* *1995*	*1994*
	£	£	£	£
Balance at 6th April, 1994	10,993,324	9,233,485	10,581,271	8,928,685
Profits on sale of investments	598,051	1,699,942	598,051	1,643,578
Increase/(decrease) in market value of investments	(74,093)	(268,497)	(192,753)	(268,934)
Further proceeds from companies in liquidation	-	3,056	-	3,054
Revenue surplus				
in Capital Gearing (Overseas) Limited:				
For year	(3,346)	23,432	-	-
Foreign exchange difference	11,398	(2,579)	-	-
Difference in exchange rates	(92,038)	29,597	-	-
Increase in Life Assurance Policies to surrender value	136,578	276,304	136,578	276,304
Legal fees	-	(1,416)	-	(1,416)
Balance at 5th April, 1995	11,569,874	10,993,324	11,123,147	10,581,271

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	*Group* *1994*
	£	£
Profit for the financial year	17,730	13,040
Dividends	(11,155)	(10,039)
Profit on sale of investments	598,051	1,699,942
Unrealised gain on revaluation to market value of investments	(74,093)	(268,497)
Further surplus in Capital Gearing (Overseas) Limited	-	3,056
Revenue Surplus on Capital Gearing (Overseas) Limited:		
For year	(3,346)	23,432
Foreign exchange difference	11,398	(2,579)
Difference in exchange rates	(92,038)	29,597
Increase in life assurance policies to surrender value	136,578	276,304
Legal fees	-	(1,416)
Net movement in shareholders' funds	583,125	1,762,840
Opening shareholders' funds	11,657,649	9,894,809
Closing shareholders' funds	12,240,774	11,657,649

	1995	*Company* *1994*
	£	£
Profit for the financial year	17,730	11,082
Dividends	(11,155)	(10,039)
Profits on sale of investments	598,051	1,643,578
Unrealised gain on revaluation to market value of investments	(192,753)	(268,934)
Further proceeds from companies in liquidation	-	3,054
Increase in life assurance policies to surrender value	136,578	276,304
Legal fees	-	(1,416)
Net movement in shareholders' funds	548,451	1,653,629
Opening shareholders' funds	11,245,596	9,591,967
Closing shareholders' funds	11,794,047	11,245,596

17. CAPITAL GEARING TRUST p.l.c. PROFIT AND LOSS ACCOUNT

Capital Gearing Trust p.l.c. has not presented its own profit and loss account as permitted by Article 236 of the Companies (Northern Ireland) Order 1986. The amount of the consolidated profit for the financial year dealt with in the accounts of the holding company is £17,730 (1994 - £13,040).