NEW STAR INVESTMENT TRUST PLC

Accounts for the year

1 July 2001 to 30 June 2002

REGISTRATION NUMBER: 3969011

NEW STAR INVESTMENT TRUST PLC

Statement of total return (incorporating the revenue account*)
for the year ended 30 June 2002

			Year to 30 June 2002			**Period to 30 June 2001**	
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Note	**£**	**£**	**£**	**£**	**£**	**£**
Gains/(losses) on investments	**10**	-	(12,366,251)	(12,366,251)	-	(2,991,750)	(2,991,750)
Gains/(losses) on futures contracts		-	(2,791,737)	(2,791,737)	-	(920,837)	(920,837)
Other exchange gains/(losses)			16,615	16,615	-	(455)	(455)
Income	2	2,642,748	-	2,642,748	5,467,513	-	5,467,513
Investment management fee	3	(521,077)	-	(521,077)	(760,890)	-	(760,890)
Other expenses	4	(397,463)	-	(397,463)	(387,859)	-	(387,859)
Net return before finance costs and taxation		1,724,208	(15,141,373)	(13,417,165)	4,318,764	(3,913,042)	405,722
Interest payable and similar charges	6	-	-	-	(8,671)	-	(8,671)
Return on ordinary activities before taxation		1,724,208	(15,141,373)	(13,417,165)	4,310,093	(3,913,042)	397,051
Taxation on ordinary activities	7	(405,149)	-	(405,149)	(1,171,798)	-	(1,171,798)
Return on ordinary activities after taxation for the financial year		1,319,059	(15,141,373)	(13,822,314)	3,138,295	(3,913,042)	(774,747)
Dividends in respect of equity shares	8	(1,976,760)	-	(1,976,760)	(2,416,040)	-	(2,416,040)
Transfer to/(from) reserves		(657,701)	(15,141,373)	(15,799,074)	722,255	(3,913,042)	(3,190,787)
		Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	9	1.20	(13.79)	(12.59)	2.88	(3.60)	(0.72)

The notes on pages 4 to 10 form part of these Accounts

* The revenue column of this statement is the revenue account of the Company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the year.

NEW STAR INVESTMENT TRUST PLC

Balance sheet
As at 30 June 2002

	Note	30 June 2002	Restated 30 June 2001
		£	£
Fixed assets			
Listed investments	10	89,243,624	106,934,267
Investment in subsidiary undertaking	12	2	200
		89,243,626	106,934,467
Current assets			
Debtors	13	2,268,637	3,101,265
Cash at bank		2,976,129	710,358
		5,244,767	3,811,623
Creditors - Amounts falling due within one year			
Creditors	14	623,984	643,327
Dividends		1,976,760	2,416,040
		2,600,744	3,059,367
Net current assets		2,644,023	752,256
Total assets less current liabilities		91,887,649	107,686,723
Net assets		91,887,649	107,686,723
Share capital and reserves			
Called up share capital	15	1,098,200	1,098,200
Share premium account	16	21,572,709	21,572,709
Capital reserve	16	(18,165,425)	(3,024,052)
Special reserve	16	87,290,442	87,290,442
Revenue reserve	16	91,723	749,424
Shareholders' funds	17	91,887,649	107,686,723
		pence	pence
Net Asset Value per ordinary share	18	83.67	115.59

The notes on pages 4 to 10 form part of these Accounts

These Accounts were approved by the Board on 11 JULY 2002

J. L. Duffield
John L Duffield - Chairman

NEW STAR INVESTMENT TRUST PLC

Statement of cash flows
for the year ended 30 June 2002

	NOTE	Year to 30 June 2002 £	Period to 30 June 2001 £
Operating activities			
Investment income received		2,968,735	4,101,946
Deposit interest received		86,824	506,407
Underwriting commission received		-	-
Investment management fees paid		(671,920)	(617,058)
Secretarial fees paid		(58,908)	(50,458)
Other cash payments		(1,843,196)	(811,461)
Net cash inflow from operating activities	19	481,535	3,129,377
Servicing of finance			
Interest paid		-	(8,671)
Net cash outflow from servicing of finance		-	(8,671)
Taxation			
Corporation tax paid		(340,887)	(734,569)
Total taxation paid		(340,887)	(734,569)
Capital expenditure and financial investment			
Purchases of investments		(45,105,410)	(174,435,614)
Sales of investments		52,429,802	62,830,753
Losses on index futures contracts		(2,791,737)	(920,837)
Revaluation of foreign currency balances		16,615	-
Investment in subsidiary		(8,107)	13,006
Net cash inflow/(outflow) from capital expenditure and financial investment		4,541,163	(112,512,692)
Equity Dividends Paid		(2,416,040)	-
Net cash inflow/(outflow) before financing		2,265,771	(110,126,556)
Financing			
Proceeds of share issue		-	17,221,854
Issue expenses		-	(419,307)
Net cash inflow from financing		-	16,802,547
Increase/(decrease) in cash	20	2,265,771	(93,324,009)

The notes on pages 4 to 10 form part of these Accounts

Notes to the Accounts - at 30 June 2002

1 ACCOUNTING POLICIES

Accounting convention

The Accounts have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and are prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the statement of recommended practice for accounts of Investment Trust Companies.

The Accounts are not consolidated accounts and present information in relation to the Company not the Group.

Revenue

Dividends on investments are credited to the Revenue Account in the period in which they are quoted ex-dividend. Interest on fixed interest securities and deposits are accounted for on a time apportionment basis.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income.

Any excess in the value of the shares received over the amount of the cash dividend is credited to the capital reserve.

Expenses

All expenses are accounted for on an accruals basis. All expenses are charged through the revenue account in the statement of total return except as follows:

expenses which are incidental to the acquisition of an investment are included within the cost of the investment;

expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investments;

Investments

Listed investments are included in the balance sheet at middle-market value at the close of business at the year end.

Unlisted investments are valued at Directors' valuation which takes into account third party valuations, latest dealing prices and other information as appropriate.

The net unrealised revaluation between market value and cost is taken to the unrealised capital reserve.

Taxation

The charge for taxation is based on the profit for the year. Withholding tax deducted from income received is treated as part of the taxation charge against income.

Tax deferred or accelerated can arise due to timing differences between the treatment of certain items for accounting and taxation purposes.

Full provision is made for deferred taxation under the liability method on all timing differences not reversed by the Balance Sheet date.

Previously under Statement of Standard Accounting Practice No. 15 provision for deferred taxation was necessary only to the extent that it was probable that the tax would be payable in the foreseeable future.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange applicable at the transaction date.

Foreign currency differences are dealt with in the capital reserve.

Capital reserve

The following are accounted for in this reserve:

gains and losses on the realisation of investments together with the related taxation effect;

foreign exchange gains and losses together with the related taxation effect;

unrealised gains and losses on investments.

The capital reserve is not available for the payment of dividends.

2 INCOME

	Year to 30 June 2002 £	Period to 30 June 2001 £
Income from listed investments		
UK net dividend income	373,712	401,582
UK unfranked investment income	2,079,612	4,591,685
	2,453,324	4,993,267
Other income		
Bank interest receivable	189,424	474,246
Underwriting commission	-	-
Other	-	-
	189,424	474,246
Total income	2,642,748	5,467,513
Total income comprises :		
Dividends	373,712	401,582
Interest	2,269,036	5,065,931
Other	-	-
	2,642,748	5,467,513

3 INVESTMENT MANAGEMENT FEE

	Year to 30 June 2002 Revenue £	Capital £	Total £	Period to 30 June 2001 Revenue £	Capital £	Total £
Investment management fee	443,470	-	443,470	647,566	-	647,566
Irrecoverable VAT thereon	77,607	-	77,607	113,324	-	113,324
	521,077	-	521,077	760,890	-	760,890

4 OTHER EXPENSES

	Year to 30 June 2002 Revenue £	Capital £	Total £	Period to 30 June 2001 Revenue £	Capital £	Total £
Administrative & secretarial fee	68,367	-	68,367	47,529	-	47,529
Directors' remuneration	40,870	-	40,870	48,475		48,475
Auditors' remuneration:						
audit services	7,050	-	7,050	18,800	-	18,800
non audit services	6,000	-	6,000	23,000	-	23,000
Legal fees	204,689	-	204,689	171,580	-	171,580
Other expenses	70,487	-	70,487	78,475	-	78,475
Total other expenses	397,463	-	397,463	387,859	-	387,859

5 DIRECTORS' REMUNERATION

	Year to 30 June 2002 £	Period to 30 June 2001 £
Total fees	40,870	48,475
Remuneration to Directors	£	£
John L Duffield (Chairman)	10,000	11,667
Martin Boase	10,000	11,667
Geoffrey Howard-Spink	10,000	11,300
J Stevenson	435	6,087
S Baker	435	6,087
J Graig	10,000	1,667

6 INTEREST PAYABLE

	Revenue £	Capital £	Year to 30 June 2002 Total £	Revenue £	Capital £	Period to 30 June 2001 Total £
On bank overdraft	-	-	-	8,671	-	8,671
	-	-	-	8,671	-	8,671

7 TAXATION

	Revenue £	Capital £	Year to 30 June 2002 Total £	Revenue £	Capital £	Period to 30 June 2001 Total £
Based on the profits for the year:						
Corporation tax at 30%	405,149	-	405,149	1,172,553	-	1,172,553
Prior year adjustment	-	-	-	(755)	-	(755)
	405,149	-	405,149	1,171,798	-	1,171,798

8 DIVIDENDS PAID AND PROPOSED

	Year to 30 June 2002 £	Period to 30 June 2001 £
Per Ordinary share :		
Interim dividend declared of 1.8p (2001: nil p)	1,976,760	-
Final dividend proposed of nil p (2001: 2.2p)	-	2,416,040
	1,976,760	2,416,040

9 RETURN PER SHARE

Ordinary shares

Basic revenue return per Ordinary share is based on the net revenue on ordinary activities after taxation of £ 1,319,059 (2001:£ 3,138,295) and on 109,820,026 (2001: 108,788,593) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

10 INVESTMENTS

	30 June 2002	30 June 2001
	£	£
Investments	89,243,624	106,934,267

	30 June 2002	30 June 2001
	£	£
Opening book cost	109,566,149	21,000,140
Opening unrealised depreciation	(2,631,882)	297,860
Opening valuation	106,934,267	21,298,000
Movements in the year:		
Purchases at cost	47,105,410	151,458,745
Sales:		
Proceeds	(52,429,802)	(62,830,728)
Realised (losses)/gains on sales	(9,221,272)	(62,008)
Increase in unrealised (depreciation)/appreciation	(3,144,979)	(2,929,742)
Closing valuation	89,243,623	106,934,267
Closing book cost	95,020,485	109,566,149
Closing unrealised appreciation/(depreciation)	(5,776,861)	(2,631,882)
	89,243,624	106,934,267

	30 June 2002	30 June 2001
	£	£
Realised (losses)/gains on sales	(9,221,272)	(62,008)
Increase in unrealised appreciation/(depreciation)	(3,144,979)	(2,929,742)
(Losses)/Gains on investments	(12,366,251)	(2,991,750)

11 SIGNIFICANT INTERESTS

The Company had holdings of 3% or more in the following investments:

Name of undertaking	**Class of share**	**Percentage held:**

12 INVESTMENT IN SUBSIDIARY COMPANY

The Company owns the whole of the issued ordinary share capital of JIT Securities Limited a company incorporated and registered in England and Wales.

Notes to the Accounts - at 30 June 2002

13 **DEBTORS - amounts falling due within one year**	**30 June 2002 £**	**30 June 2001 £**
Sales for future settlement	-	-
Dividends receivable	-	35,904
Amounts due from subsidiary company	2,497	-
Advance payments for investment purchases	-	2,000,000
Prepayments and accrued income	2,266,140	1,065,361
Taxation recoverable	-	-
	2,268,637	3,101,265

14 **CREDITORS - amounts falling due within one year**	**30 June 2002 £**	**30 June 2001 £**
Purchases for future settlement	-	-
Corporation tax	415,456	349,713
Amounts due to subsidiary company	5,717	13,006
Share issue expenses	-	-
Other creditors	202,811	280,608
Bank overdraft	-	-
	623,984	643,327

15 **SHARE CAPITAL**	**30 June 2002 £**	**30 June 2001 £**
Authorised:		
300,000,000 Ordinary shares of £0.01p each	3,000,000	3,000,000
50,000 Redeemable shares of £1 each	50,000	50,000
	3,050,000	3,050,000
Issued, allotted and fully paid:		
109,820,026 Ordianry shares of £0.01p each	1,098,200	1,098,200
	1,098,200	1,098,200

DURATION AND RIGHTS ON WINDING UP

The holders of the Ordinary shares are entitled to all the capital and revenue reserves of the Company in the event of the Company being wound up.

16 **RESERVES**	**Restated Share premium account £**	**Capital reserve realised £**	**Capital reserve unrealised £**	**Restated Special reserve £**	**Revenue reserve £**
At 1 July 2001	21,572,709	195,025	(3,219,077)	87,290,442	749,424
Net losses on realisation of investments	-	(9,221,272)	-	-	-
Movement in unrealised appreciation	-	-	(3,144,979)	-	-
Net losses on futures contracts	-	(3,111,822)	320,085	-	-
Exchange losses on revaluation of balances	-	-	16,615	-	-
Retained net revenue for the year	-	-	-	-	(657,701)
At 30 June 2002	21,572,709	(12,138,069)	(6,027,356)	87,290,442	91,723

The reduction of the share premium account of the Company which was for an amount of £87,290,442 was enabled by a court order dated 28 June 2000. This amount was then transferred to the special reserve.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 30 June 2002 £	Period to 30 June 2001 £
Profit available to Ordinary shareholders'	1,319,059	3,138,295
Dividends paid and proposed	(1,976,760)	(2,416,040)
	(657,701)	722,255
Recognised gains/(losses) for the year	(15,141,373)	(3,913,042)
Issue of share capital	-	166,612
Premium on issue of share capital	-	17,055,242
Issue expenses	-	(29,621)
Net addition to shareholders' funds	(15,799,074)	14,001,446
Opening shareholders' funds	107,686,723	93,685,277
Closing shareholders' funds	91,887,649	107,686,723

18 NET ASSET VALUE PER SHARE

The net asset value per share and the net assets attributable to the ordinary shareholders' at the year end are calculated in accordance with the Articles of Association and are as follows:

	Net Asset value per share attributable		Total Assets attributable	
	30 June 2002 Pence	30 June 2001 Pence	30 June 2002 £	30 June 2001 £
Ordinary shares	83.67	115.59	91,887,649	107,686,723

19 RECONCILIATION OF NET REVENUE BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 30 June 2002 £	Period to 30 June 2001 £
Income before interest payable and taxation	1,724,208	4,318,764
Dividends reinvested	-	(23,271)
(Increase)/decrease in debtors	(1,164,876)	(1,069,101)
(Decrease)/increase in creditors	(77,797)	255,623
Tax on interest income	-	(352,639)
	481,535	3,129,377

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	30 June 2002 £
Decrease in cash in year	2,265,771
Movement in net funds	2,265,771
Net funds at 1 July 2001	710,358
Net funds at 30 June 2002	2,976,129

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2001 £	Cash flows £	Other changes £	At 30 June 2002 £
Cash at bank	710,358	2,265,771	-	2,976,129
	710,358	2,265,771	-	2,976,129

22 COMMITMENTS

At 30 June 2002 the Company had underwritten share issues to a value of £nil (30 June 2001 : £nil).

23 RELATED PARTY TRANSACTIONS

During the period Mr Duffield was a director of New Star Asset Management Group Limited, the holding company of New Star Asset management Limited, who received investment management fees and administration fees pursuant to the agreement detailed below.

Pursuant to an agreement dated 29th January 2001 the Company's investments are managed by New Star Asset Management Limited. The management fee is payable quarterly in arrears and is calculated at the rate of 3/16% per quarter of Total Assets of the Company and its subsidiaries after deduction of the value of any Jupiter managed investments and any New Star managed investments (as defined in the Management Agreement). Either party may terminate the appointment of the Investment Manager by giving not less than three months' written notice to expire on the last day of any calendar month.
The management fee payable for the year ended to 30th June 2002 amounted to £521,077 including VAT.

The Company invests in other funds managed by Jupiter International Group PLC and its subsidiaries and New Star Asset Management (NSAM) Group Limited or its subsidiaries. The amount invested in NSAM at 30th June 2002 was £2,500,000 (2001: £2,500,000).