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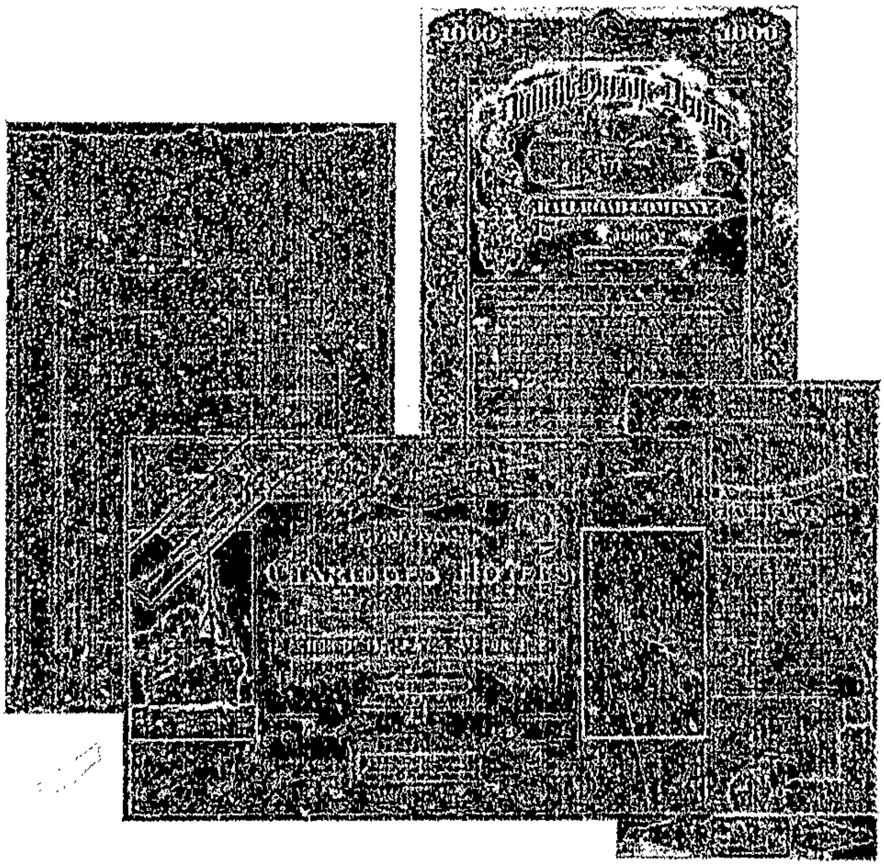
The Bankers Investment Trust PLC

Report and Accounts 1990



TOUCHE REMNANT

Touche Remnant Investment Trust Savings Scheme

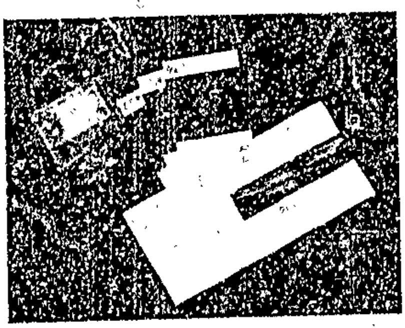
Touche Remnant offer a simple and inexpensive way of investing in your company or the other participating Touche Remnant managed investment trusts – the Touche Remnant Investment Trust Savings Scheme.

In January 1990 the Scheme was redesigned to provide greater flexibility and convenience to investors whilst retaining the principal advantages of the original Scheme.

The Scheme provides a choice of professionally managed investment trusts as the basis for a tailored diversified portfolio.

The Scheme offers the following facilities:

* monthly savings from as little as £25 a month
* weekly dealing for lump sum investments of less than £5,000 (minimum investment of £250)
* a daily premium dealing facility for lump sum investments of £5,000 or more
* income reinvestment including income from other quoted UK securities
* a share exchange facility for investors wishing to exchange quoted securities valued at £250 or more
* a selling facility for shares held through the Scheme
* paperwork and documentation simplified and reduced to a minimum



If you would like to receive information about the new Scheme please call Mr Charles Hedgeland on 071-236 6565. Alternatively, please write to:

Touche Remnant Investment Trust Savings Scheme Department
Touche, Remnant & Co.
Mermaid House
2 Puddle Dock
London EC4V 3AT

Touche, Remnant & Co. is a member of IMRO.

Objectives

To maximise shareholders' total return by means of an international portfolio of companies engaged in a variety of activities.

Aims

Long term asset growth in excess of the FT Actuaries All-Share Index.

Regular dividend growth in excess of the increase in the Retail Price Index.

Results

Net Asset Value total return over one year down 13.2%.*

Net Asset Value total return over five years up 69.6%.*

Share price total return over one year down 10.3%.*

Share price total return over five years up 89.2%.*

Net Dividend over one year up 20.3%.

Net Dividend over five years up 113.8%.

Forecast Annual Dividend up 15.1%.

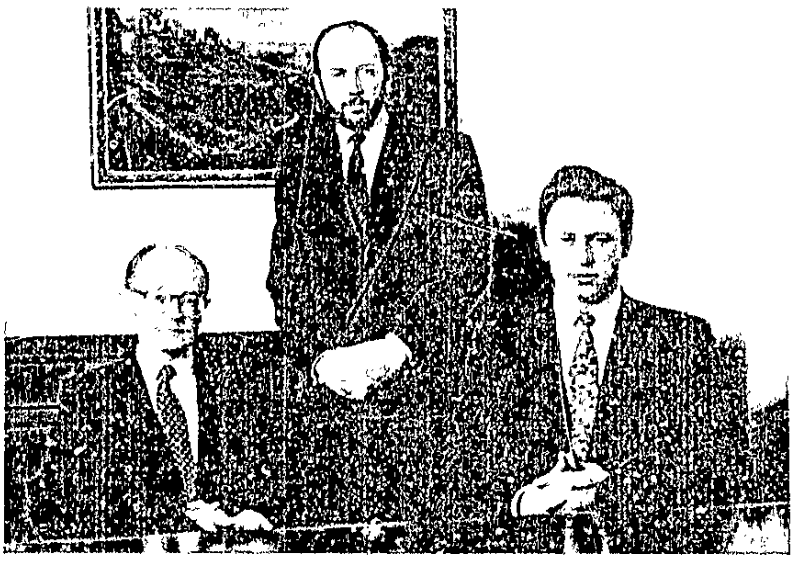
*Source AITC – Total return assumes net dividends are re-invested.

Contents

Directors & Officers

A C Barker

Management



Chairman's Statement

Assets

It has been a turbulent year on world equity markets and I have to report that our net asset value declined by 15.6%. Early euphoria surrounding the rapid political changes in Eastern Europe has given way to a more pragmatic appraisal of the economic problems and continuing political instability. Sustained high interest rates in Europe and Japan have begun to curtail economic growth and the rapid rise in oil prices following the invasion of Kuwait has been particularly unsettling for all equity investors.

We have remained largely ungeared throughout most of the year with dollar borrowings balanced by Deutschemark and yen deposits. Our cautious stance is further reflected in our high exposure to lowly rated equity markets with most of our assets concentrated in the UK, USA, Hong Kong and Continental Europe.

Revenue

On a more happy note I am pleased to report our 23rd consecutive increase in earnings and dividends. Earnings per share have risen by 25.9%. Your Board has declared a fourth interim dividend of 0.80p per share making a total dividend for the year of 2.78p, an increase of 20.3% over the previous year. This rise compares with an inflation rate of 10.9%. Although we envisage a significant slowdown in dividend growth from most world markets, revenue projections for the coming year are favourable. Your Board has forecast, in the absence of unforeseen circumstances, a 15.1% increase in the total dividend to not less than 3.20p per share. The forecast dividend will be payable on an equal quarterly basis at 0.80p per share in May, August, November and February.

New Investors and PEP's

I am encouraged by the growing interest in investment trusts in general and Bankers in particular. The introduction of an investment trust savings scheme has been a benefit to shareholders and is partially responsible for the narrowing of the discount witnessed over the past two years. This year our number of new shareholders has increased significantly. As I mentioned in our interim statement, we are not eligible for a PEP scheme at the higher rate. However, we will regularly review our decision, especially as there may be further changes to the PEP regulations in the next Budget.

Prospects

World equity markets have already started to discount a slowdown in economic growth but it is difficult to be optimistic at the present time. However, there are signs that short term interest rates in most major countries, with the possible exception of Germany, have already peaked. Long dated government bonds in both the USA and the UK have been rising steadily since April in spite of the ever present problems in the Middle East.

For many companies throughout the world, the general excesses of the late 1980's are now beginning to threaten their very survival. The size weighted stockmarket indices have masked a real bear market in medium sized and smaller companies. Individual stock risk is very high which helps to explain the fashion towards indexation and stock index futures. The unpopularity of smaller companies and the ever present risk of receivership may eventually provide us with the same exceptional values last seen in 1974. We are ready to take advantage of the attractive opportunities which we believe will occur.

Annual Meeting

Finally, I should like to remind shareholders that the Annual General Meeting will be held at 12.30 pm on 20 February 1991. This will be followed by a light buffet lunch and the directors look forward to meeting shareholders and answering any questions they may have. Please indicate on your proxy card whether you wish to attend.

Andrew Barker
Chairman

16 January 1991

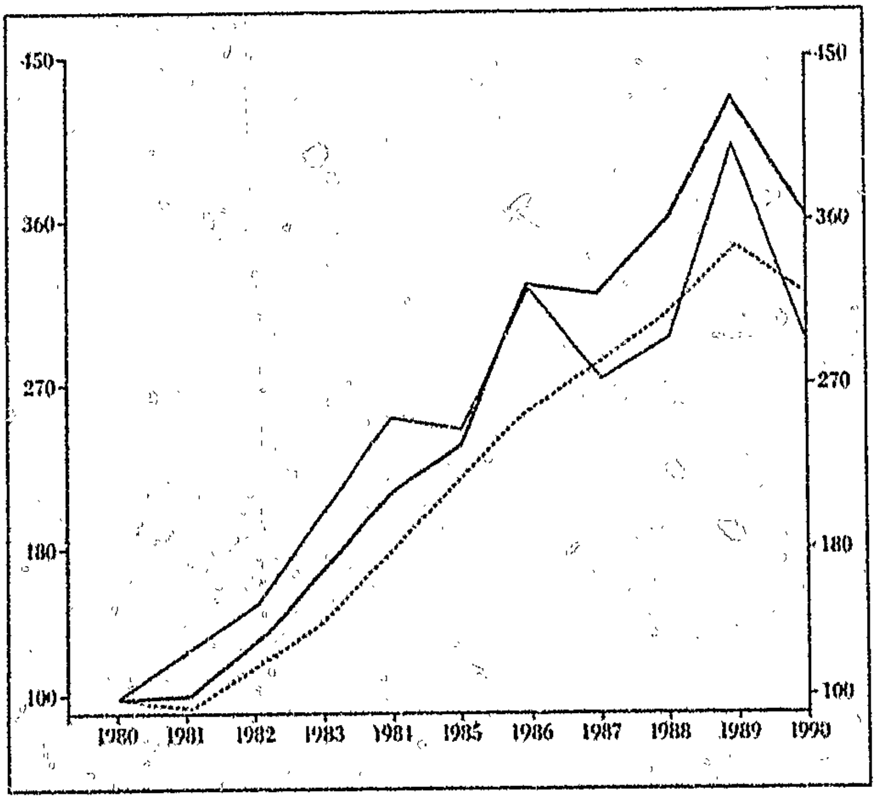
Highlights of the Year

	31 October 1990	31 October 1989	% Change
Assets			
Total assets less current liabilities	£152,306,000	£178,075,000	−14.5
Net asset value per ordinary share	90.1p	106.8p	−15.6
Ordinary share mid-market price	77.5p	89.0p	−12.9
FT Actuaries All-Share Index	992.67	1,080.79	−8.2
Standard & Poor's Composite Index	301.00	310.36	−27.6*
FT Actuaries Europe (ex UK) Index	91.60	104.98	−12.8*
Tokyo New Stock Exchange Index	1,856.12	2,692.65	−38.6*
**£ adjusted*			
Revenue			
Total revenue	£10,046,000	£8,141,000	+23.4
Earnings per ordinary share:	3.21p	2.55p	+25.9
Dividends per ordinary share:			
Paid and payable	2.78p	2.31p	+20.3
Imputed tax at 25%	0.93p	0.77p	
Total including imputed tax	3.71p	3.08p	+20.5

Growth in Net Asset Value

for ten years from
31 October 1980 to
31 October 1990

— The Bankers Investment Trust
··· FT Actuaries All-Share Index
·· S & P Composite Index (£ adjusted)



Comparative Performance

Value of £1,000 with net income reinvested (source AITC)

To 31 October 1990	1 Year	5 Years	10 Years
Bankers Investment Trust*	£ 897	£1,892	£5,658
Average Investment Trust*	£ 846	£1,810	£4,841
Average Unit Trust*	£ 812	£1,602	£3,870
Building Society Investment	£1,114	£1,551	£2,389
Retail Price Index	£1,109	£1,355	£1,888

**excluding transaction costs*

Largest Investments

at 31 October 1990

The 40 largest equity investments, convertibles and all classes of equity in any one company being treated as one investment, were as follows

	Market value 31 October 1990 £'000		Market Value 31 October 1990 £'000
British Petroleum	3,507	J. H. Fenner	1,457
Shell Transport & Trading	3,153	CGE	1,457
Glaxo Holdings	2,001	Swire Pacific	1,445
Grand Metropolitan	1,961	Willis Corroon	1,445
Boots	1,908	British Gas	1,437
Allied-Lyons	1,876	London Forfaiting	1,413
Pearson	1,815	London & Manchester	1,390
Albert Fisher	1,792	Abbey National	1,375
Whitbread 'A'	1,775	Imperial Chemical Industries	1,374
Pilkington	1,685	Barclays	1,360
United Biscuits	1,653	BET	1,344
Portals Holdings	1,646	Newman Tonks	1,300
Banco Popular Espanol	1,630	Siemens AG	1,297
B.A.T Industries	1,621	Smith & Nephew	1,290
BTR	1,607	National Westminster	1,261
Guardian Royal Exchange	1,557	Royal Bank of Scotland	1,233
Unilever NV	1,522	Amoy Property	1,233
Ladbroke Group	1,518	Cable & Wireless	1,226
Guinness	1,485	Rolls Royce	1,201
General Electric Co.	1,468	Nestlé	1,191

These investments total £63,910,000 or 42.0% of the portfolio

Changes in Investments

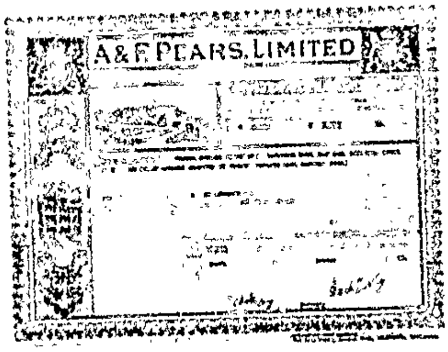
	Valuation 1989 £'000	Purchases £'000	Sales £'000	(Depreciation) £'000	Valuation 1990 £'000
United Kingdom	87,112	36,797	30,964	(4,108)	88,837
U.S.A.	19,286	12,455	11,446	(14,530)	32,765
Japan	1,118	3,013	3,038	(981)	412
Europe	19,347	4,600	4,278	(4,061)	15,608
Hong Kong	6,595	273	336	(1,125)	5,407
Other Countries	1,820	3,053	916	(2,202)	1,755
Fixed Interest	6,997	977	—	(458)	7,516
	172,575	61,168	53,978	(27,165)	152,300

Classification of Investments

at 31 October 1990

	Total 1989 %	Total 1990 %	U.K. %	U.S.A. %	Japan %	Europe %	Hong Kong %	Other Countries %
Capital goods group								
Building materials	2.6	2.8	2.2	0.6				
Contracting and construction	0.3	0.1	0.1					
Electricals	1.2	3.3	1.2	1.2	0.1	0.8		
Electronics	5.9	6.3	2.9	1.1		1.6	0.7	
Engineering – Aerospace		2.1	1.5	0.6				
Engineering – General	1.1	2.8	2.1	0.3		0.1		
Metals and metal forming	2.6	1.2	0.7	0.5				
Motors	0.5	2.1	0.1	2.0				
Other industrial materials	1.2	1.2	3.7	0.5				
	21.7	21.9	14.8	6.8	0.1	2.5	0.7	
Consumer group								
Brewers and distillers	1.5	5.1	4.6	0.5				
Food manufacturing	3.0	3.6	1.8			1.8		
Food retailing	2.1	2.2	1.2	1.0				
Health and household products	1.8	4.4	2.2	2.2				
Leisure	1.6	2.0	1.8	0.1	0.1			
Packaging and paper	1.7	1.1	0.6					0.5
Publishing and printing	1.1	1.7	0.8	0.6		0.3		
Stores	4.1	6.0	6.0					
Textiles	0.5	0.6	0.6					
	21.3	26.7	19.6	4.1	0.1	2.1		0.5
Other groups								
Agencies	0.9							
Chemicals	7.0	6.0	2.4	2.5		1.1		
Conglomerates	1.3	0.9	0.9					
Shipping and transport	5.8	4.2	2.3	0.7		1.2		
Telephone networks	1.5	2.0	2.0					
Oils	5.1	6.3	5.3	1.0				
Water		0.8	0.8					
Overseas traders	1.5	0.7	0.7					
Miscellaneous	5.0	3.8	1.0	2.1		0.7		
	28.4	24.7	15.4	6.3		3.0		
Financial group								
Banks	5.8	5.7	3.4	0.8		1.5		
Insurance (brokers)	0.8	0.9	0.9					
Insurance (life)	1.6	1.5	1.5					
Insurance (composite)	2.6	2.3	1.1	1.2				
Investment trusts	0.4	1.9	0.4	0.3		0.8		0.4
Property	1.1	2.7	0.3	1.1			1.3	
Miscellaneous	3.3	3.8	0.9	0.7	0.1	0.3	1.6	0.2
	18.6	18.8	8.5	4.1	0.1	2.6	2.9	0.6
Equities	96.0	95.1	58.3	21.6	0.3	10.2	3.6	1.1
Fixed interest (excluding convertibles 3.6% – 1989 3.6%)	4.0	4.9				4.9		
Totals 1990		100.0	58.3	21.6	0.3	15.1	3.6	1.1
Totals 1989	100.0		50.5	28.6	0.8	15.3	3.8	1.0

United Kingdom



It has been a volatile year in the UK equity market with the FTA All-Share Index showing a decline of 8.2% over our financial year. The year began with an impressive seasonal rally assisted by cash bids for Pearl Assurance and DRG. The rally was short lived as investors began to sense the real fears of stagflation which was reflected in a rapid rise in government bond yields.

The final results season in March witnessed another round of exceptional dividend increases which were generally well above increases in earnings. Although analysts' forecasts for corporate profits in 1990/91 were beginning to be savagely marked down, the market took heart from a spectacular performance on Wall Street and a strong recovery in sterling.

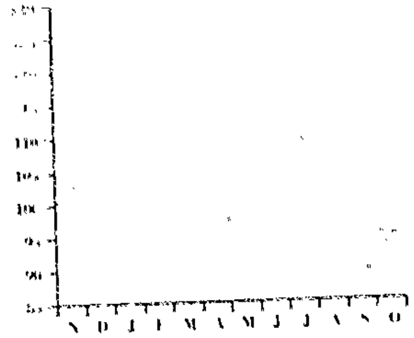
The market had already started to decline prior to the Gulf crisis and the subsequent fall was somewhat less than other markets as a certain amount of doom and gloom had already been discounted.

Performance has been heavily weighted towards very large capitalisation companies, particularly oils, utilities and multi-national consumer growth stocks. Smaller companies have again fared very badly.

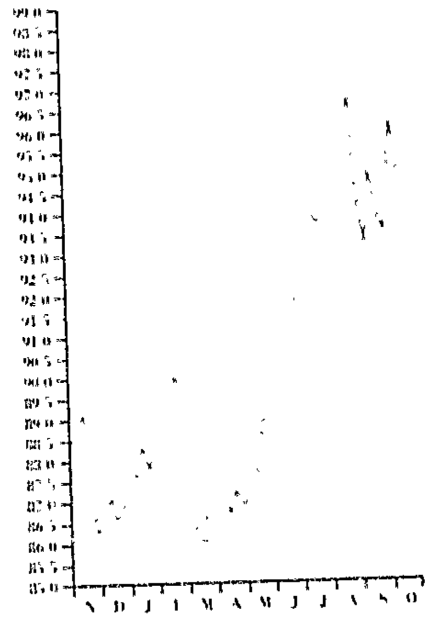
We have been fairly active buyers of UK equities on any significant market declines. Although takeover activity has dropped to historically low levels, we received bids for Laing Properties, Fitch Lovell and Foseco during our financial year.

The most notable changes in the portfolio have been the sale of all our property shares early in the year and the sale of British Airways in December. We added to many of our existing holdings throughout the year, in particular Willis Corroon and London Forfaiting. We made three new investments during the year, in Cadbury Schweppes, Trusthouse Forte and Davy Corporation.

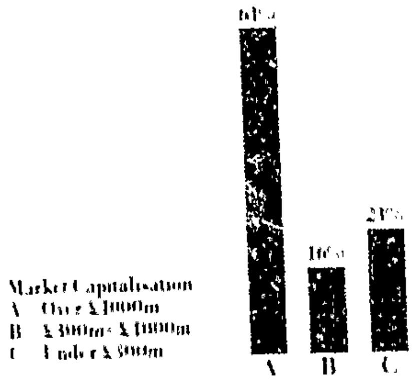
FTA All-Share Price Index from 31/10/89–31/10/90



Sterling Trade Weighted Index from 31/10/89–31/10/90



UK Portfolio classified by Market Value of company.

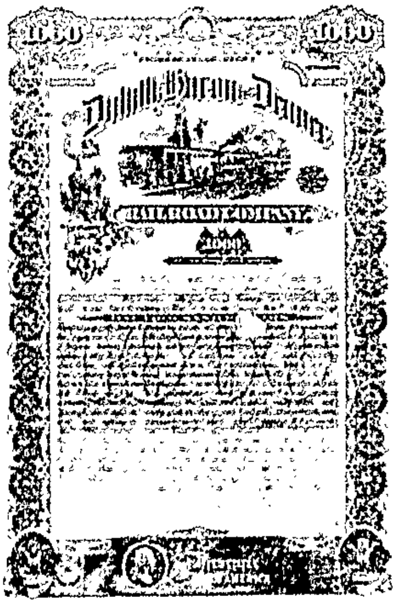


United Kingdom Investments

	Market Value at 31 October 1990 £'000
CAPITAL GOODS	
Building Materials and Construction	
Pilkington	1,683
Newman Tonks	1,300
Blue Circle	406
Others	162
	3,551
Electricals and Electronics	
General Electric	1,168
Hawker Siddeley	1,112
Electronic Data Processing	1,093
Cambridge Electronic	1,060
Scholes Group	806
Amstrad	367
A B Electronic	347
Others	54
	6,307
Engineering, Motors and Other	
Portals Holdings	1,616
BTR	1,607
J H Fenner	1,457
Rolls Royce	1,201
Hunting	1,105
Davy Corporation	1,075
IMI	1,040
APV	1,034
Suter	826
Brown & Tawse	720
T & N	545
Cookson Group	345
Others	70
	12,644
Total Capital Goods	**22,502**
OTHER GROUPS	
Chemicals, Shipping and Transport	
Imperial Chemical Industries	1,374
BOC	1,186
Foseco	1,118
Ocean Transport & Trading	1,098
P & O	1,063
Powell Duffryn	1,045
Associated British Ports	303
Others	19
	7,206
Oils, Mining Finance and Overseas Trade	
British Petroleum	3,507
Shell Transport & Trading	3,153
British Gas	1,437
Inchcape	1,012
	9,109
Telephone Networks and Others	
B A T Industries	1,621
BET	1,341
Cable & Wireless	1,226
Welsh Water	1,130
Racal Electronics	945
British Telecommunications	840
Others	103
	7,206
Total Other Groups	**23,521**

	Market Value at 31 October 1990 £'000
CONSUMER GROUP	
Brewers, Distillers and Food	
Grand Metropolitan	1,963
Allied Lyons	1,876
Albert Fisher	1,792
Whitbread 'A'	1,775
United Biscuit	1,654
Guinness	1,485
Cadbury Schweppes	1,026
	11,571
Health and Household Products	
Glaxo	2,001
Smith & Nephew	1,290
	3,291
Leisure	
Ladbroke Group	1,518
Trusthouse Forte	1,170
Others	95
	2,783
Stores, Textiles, Publishing Packaging and Paper	
Boots	1,908
Pearson	1,815
Marks & Spencer	1,149
W H Smith 'A'	1,098
Great Universal Stores 'A'	1,083
Sears	941
Bunzl	933
Coats Viyella	892
Storehouse	794
De La Rue	792
Dixons	470
Ratners	230
Others	38
	12,143
Total Consumer Group	**29,788**
FINANCIAL GROUP	
Banks	
Abbey National	1,375
Barclays	1,360
National Westminster	1,264
Royal Bank of Scotland	1,233
	5,232
Insurance	
Guardian Royal Exchange	1,556
Willis Corroon	1,445
London & Manchester	1,391
Legal & General	571
Sun Life	353
	5,316
Miscellaneous	
London Forfaiting	1,443
TR High Income	515
	1,958
Total Financial Group	**12,506**
UNLISTED INVESTMENTS	
Berkley House	439
Others	81
Total Unlisted	**520**
Total United Kingdom Investments	**88,837**

United States of America



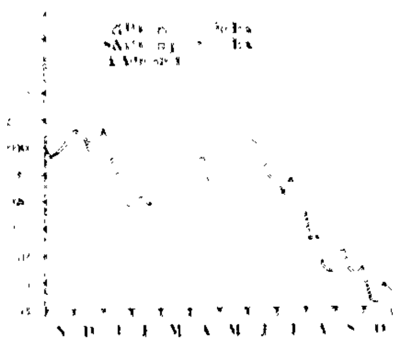
The United States equity market performed particularly well prior to the invasion of Kuwait. Both the Dow Jones Industrial Index and the Standard & Poor's 500 Composite Index hit an all time high in the middle of July. Fears of an economic slowdown and the ever present problems of trying to reduce the budget deficit had already brought about a sharp correction in the market prior to the problems in the Gulf. In local terms the S&P Composite Index fell by 10.7% but to an unhedged sterling investor the decline was 27.6%.

The main feature of the market was the outperformance by the major multinational companies whose earnings continue to benefit from the translation of foreign profits back into US dollars. Smaller companies fared badly with the decline in many smaller company share prices exacerbated by a growing number of professionals selling short. The NASDAQ index of smaller stocks declined by 27.6% over our financial year – a fall of 11.2% in sterling terms.

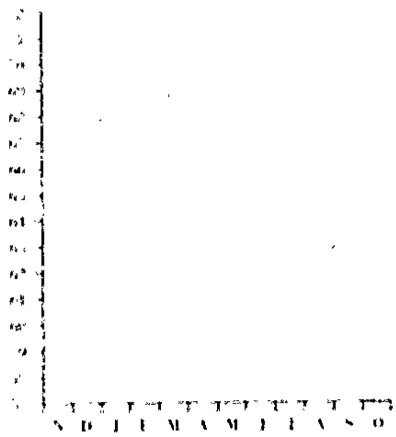
There has been a serious decline in status of financial stocks. The financial excesses of the late 1980s have culminated in a major reduction in the asset quality of banks, savings & loans, and insurance companies. Confidence in the stability of the US banking system has been severely shaken with cuts in dividends and rapidly shrinking balance sheets. Insurance companies have also suffered from the well publicised problems in the junk bond market where some companies have a significant exposure.

Investors have been prepared to pay an increasing premium for the security of earnings which has dictated a more safety conscious approach to investment. We disposed of several cyclical companies where the earnings outlook was less predictable. Notable sales were Ametek, Medtq, Scott Paper and Woodhead. Where possible we have tried to concentrate new purchases on leading medium sized growth companies quoted on the New York Stock Exchange namely Lubrizol, Fleming and Jostens.

S&P Composite Index from 31/10/89 – 31/10/90



US Dollar Trade Weighted Index from 31/10/89 – 31/10/90



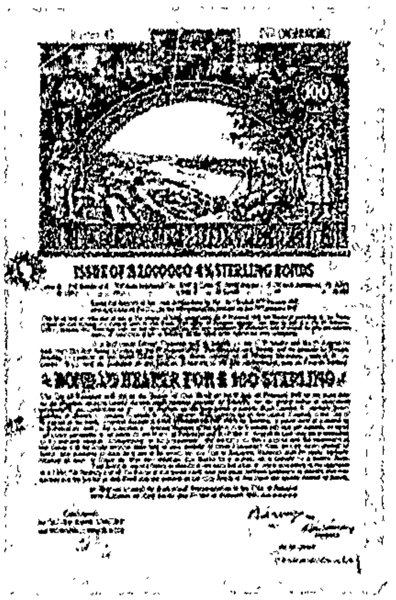
US Portfolio classified by Market Value of company.

United States Investments

	Market Value at 31 October 1990 £'000
CAPITAL GOODS	
Building Materials	
Stanley Works	852
	852
Electricals and Electronics	
Honeywell	931
Hubbell	875
Westinghouse Electrical	857
Square D	655
Helix Technology	140
Others	81
	3,512
Engineering, Motors and Others	
Illinois Tool Works	1,135
Pep Boys	938
Carpenter Technology	762
Teleflex Inc	712
Harsco	644
Ucarco	569
Snap-on-Tools	419
VTN	419
SPS Technologies	358
United Industrial	172
Battle Mountain	141
Others	141
	6,413
Total Capital Goods	**10,807**
OTHER GROUPS	
Chemicals, Shipping and Transport	
Nalco Chemical	1,087
Lubrizol	969
Lawter International	944
RPM	750
Roadway Services	513
Ryder System	406
	4,669
Oils, Mining Finance and Overseas Trade	
Phillips Petroleum	978
Wiser Oil	560
Others	2
	1,540
Telephone Networks and Others	
Minnesota Mining	934
Eastman Kodak	817
TAB Products	340
Herman Miller	286
	2,377
Total Other Groups	**8,586**

	Market Value at 31 October 1990 £'000
CONSUMER GROUP	
Food, Manufacturing and Retailing	
McDonald's	1,038
Anheuser-Busch	720
Rykoff-Sexton	435
	2,193
Health and Household Products	
Syntex	1,089
American Home Products	1,010
Fleming Cos	969
Shared Medical Systems	157
	3,225
Stores, Textiles, Publishing Packaging and Paper	
Jostens	848
	848
Leisure	
QVC Network	176
Others	15
	191
Total Consumer Group	**6,457**
FINANCIAL GROUP	
Banks	
Corestates	614
Comerica	512
Others	17
	1,143
Insurance	
St Paul	873
Cincinnati Financial	714
Fremont General	239
Orion Capital	82
	1,908
Property and Miscellaneous	
PHH Corp	978
Templeton Galbraith	941
Rouse	579
Berkeley Atlantic Income	462
Property Trust of America	144
Others	79
	3,183
Total Financial Group	**6,234**
UNLISTED INVESTMENTS	
Golden Era Services	360
Cumberland Health	247
Others	74
Total Unlisted	**681**
Total United States Investments	**32,765**

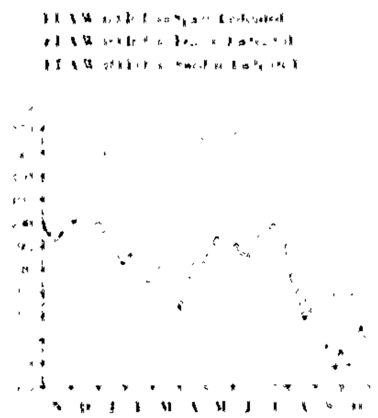
Europe



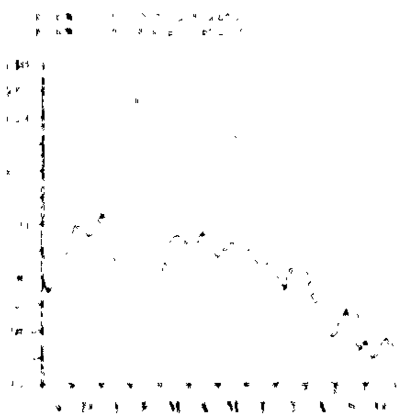
Europe's equity markets with the exception of oil rich Norway have suffered badly from the Gulf crisis. It is usually the case that the most favoured equity markets suffer the worst when confronted with a global economic shock. Continental European markets had attracted a significant number of new overseas investors which magnified both the rise and subsequent decline of the indices particularly in Germany and France.

We have been fairly inactive in Europe with purchases of Lisnave, a Portuguese ship repairer and TR European Growth financed by sales of Bayerische Hypo Bank and Grupo Torras.

Madrid, Paris and Stockholm Share Indices from 31/10/89 – 31/10/90



Frankfurt and Amsterdam Share Indices from 31/10/89–31/10/90



	Market Value at 31 October 1990 £'000
FRANCE	
[illegible]	[illegible]
[illegible]	
	[illegible]
GERMANY	
Siemens	[illegible]
Bayer	[illegible]
	[illegible]
NETHERLANDS	
Unilever NV	[illegible]
Philips	[illegible]
KLM	[illegible]
Ver Ned Uitgevers	[illegible]
Ahold	[illegible]
Akzo	[illegible]
	[illegible]
PORTUGAL	
Lisnave Nav Lisboa	[illegible]
	[illegible]
SPAIN	
Banco Español	[illegible]
[illegible] SA	[illegible]
ERPO	[illegible]
	[illegible]
SWEDEN	
Aga	[illegible]
Electrolux	[illegible]
	[illegible]
SWITZERLAND	
Nestlé	[illegible]
Swissair	[illegible]
CS Holdings	[illegible]
Société de Surveillance	[illegible]
Schweiz Volksbank	[illegible]
	[illegible]
OTHER	
TR European Growth	[illegible]
Total European Investments	**15,608**

Japan

The Japanese equity market as measured by the Tokyo New Stock Exchange index fell by 31.1%, a decline of 38.6% to a sterling investor.

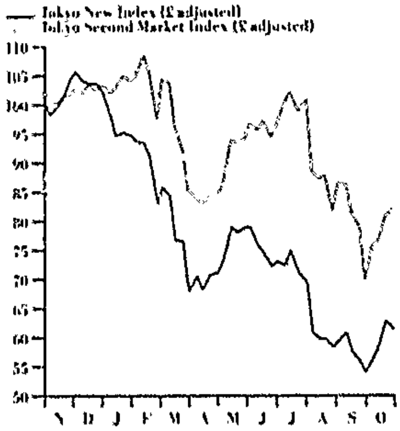
The decline should be seen in the context of a market which hit an all time peak in December 1989 when the average stock was valued at over sixty times annual earnings.

Over the past five years we have been unstinting in our admiration for the Japanese economic miracle but have expressed increasing concern over the widening gap between the values placed on Japanese equities and those of the rest of the world. The valuation gap has been instrumental in our decision to reduce our exposure from 12% in 1986 to 0.3% at the end of our financial year.

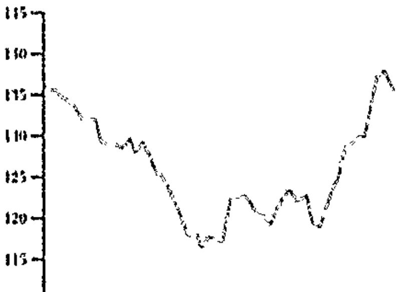
As an economic superpower and one of only two major countries with a significant trade surplus we shall continue to monitor Japan very closely. Our pessimism towards the stockmarket is balanced by our decision to retain a significant percentage of our liquid assets in yen deposits.

	Market Value at 31 October 1990 £'000
JAPANESE WARRANTS	
Mizuho	104
Fujitsu	91
C Itoh	61
Canon	19
Mitsubishi Heavy Inds	37
Osaka Gas	27
Toyo Menka Kaisha	20
Nissho	15
Hitachi Credit	9
Total Japanese Investments	412

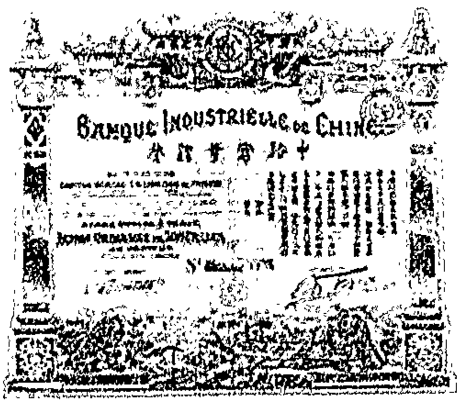
Tokyo Share Index from 31/10/89–31/10/90



Yen Trade Weighted Index from 31/10/89-31/10/90



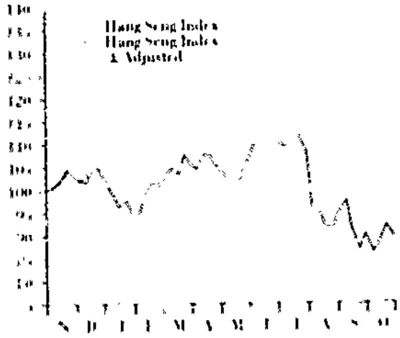
Hong Kong



Local investors in Hong Kong have had a good year with the Hang Seng index showing a rise of 9.8%. The Hong Kong dollar, which remains firmly pegged to the US dollar, declined by 18.8%. The excellent performance of Hong Kong should be seen in the context of a stockmarket that is still recovering from the very depressed levels which it reached post the Tiananmen Square massacre. It is interesting to note that at the end of our year the Hang Seng index was still 9.6% below the levels achieved prior to the uprising in China. A small but noticeable improvement in relations with China has been more significant than the implications of the Middle East crisis. This helps to explain the relative strength of the stockmarket. An inflation rate of 10% and a steady exodus of skilled labour is a major problem for the colony. Nevertheless company results have generally been above average with increases in earnings and dividends averaging approximately twelve per cent.

	Market Value at 31 October 1990 £'000
HONG KONG	
Swire Pacific	1,44[illegible]
Swire Properties	[illegible]
Gold Peak Industries	1,0[illegible]
Hutchison Whampoa	[illegible]
New World Development	696
Total Hong Kong Investments	**5,407**

Hong Kong – Hang Seng Bank Index from 31/10/89–31/10/90



Other Countries

The performance of smaller markets has been mixed with sharp falls in export orientated far eastern markets such as South Korea and Taiwan offset by the strength in energy self sufficient countries such as Mexico, South Africa, Australia and Venezuela. We have continued to maintain a low exposure to minor markets with the only new investment being in Latin America through an investment trust which invests in Argentina, Brazil, Venezuela, Chile and Mexico.

	Market Value at 31 October 1990 £'000
OTHER COUNTRIES	
Latin American Trust	456
HK Far East Income	151
	607
Canada	
Lawson Mardon	585
Australia	
TNT	363
Elsewhere	200
Total Other Countries	**1,755**

Fixed Interest

Longer dated government bonds have been one of the few areas of investment to benefit from the consequences of the Iraqi invasion of Kuwait. The general flight to quality during times of uncertainty together with expectations of an economic slowdown halted the rise in European government bond yields. Although it is still too early to predict a significant fall in bond yields we added to our Dutch government bond portfolio on a yield of just under 9%.

	Market Value at 31 October 1990 £'000
FIXED INTEREST	
Germany	
Bundesrepublik Bonds 6[illegible] 1998	1,370
Deutsche Bundespost [illegible] 2001	1,682
Bundes Obligation Bond [illegible] 1992	1,31[illegible]
Commerzbank Bonds 6[illegible] 1993	34[illegible]
Bayer Hypo Wechsel Bank [illegible]	[illegible]
	[illegible]
The Netherlands	
Netherlands 9% [illegible] 2000	[illegible]
Netherlands 6[illegible] 1999	[illegible]
	1,711
Total Fixed Interest Investments	**7,316**

Statistical Record

adjusted to present capital

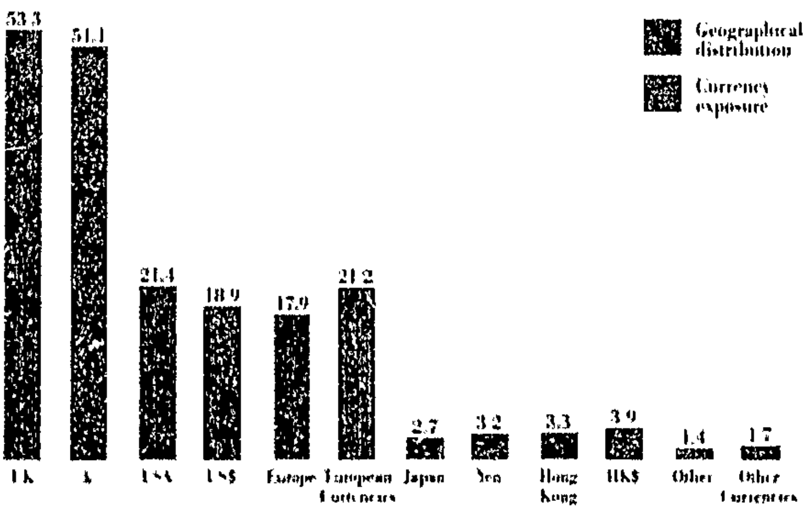
Year ended 30 April	Total income £'000	Earnings and ordinary dividends per 25p ordinary share: Earned Net p	Paid Cash p	Imputed Tax p	Total p	Total assets less current liabilities £'000	Net asset value per 25p share p	Indices of growth: Market price of 25p ordinary share	Net asset value	Dividend per 25p ordinary share (gross)	FT Actuaries All-Share Index	UK index of retail prices
1980	2,514	0.87*	0.85§	0.36	1.21	33,128	19.9	100	100	100	100	100
1981	2,482	0.96	0.91	0.44	1.35	41,514	27.0	137	136	112	133	112
31 October												
1982	4,033‡	1.50‡	1.49‡	0.63‡	2.12‡	52,007	31.9	174	160	117	148	125
1983	3,098	1.09	1.04	0.45	1.49	68,380	42.4	216	213	123	175	134
1984	3,848	1.46	1.14	0.49	1.63	84,932	53.1	291	267	135	218	137
1985	4,535	1.34	1.30	0.56	1.86	94,557	59.3	326	298	154	269	145
1986	4,868	1.45	1.43	0.59	2.02	111,868	81.5	470	410	167	324	149
1987	6,064	1.62	1.60	0.59	2.19	136,445	79.7	491	401	181	356	156
1988	7,103	2.07	1.92	0.64	2.56	152,003	89.9	533	452	212	387	166
1989	8,144	2.55	2.31	0.77	3.08	178,076	106.8	625	537	255	433	178
1990	10,046	3.21	2.78	0.93	3.71	152,306	90.1	544	453	307	398	197

*Excluding non-recurring earnings of 0.12p per share
§ Excluding special dividend paid of 0.12p per ordinary share.
‡ Eighteen month period ended 31 October.
The comparative figures for the years to 1986 have been adjusted where necessary to allow for the one-for-one capitalisation issues in 1984 and 1987.

Distribution of Investments

at 31 October 1990

Percentage commitment to markets



Report of the Directors

The directors present the audited accounts of the company for the year ended 31 October 1990.

Activities and business review

The company has directed its affairs so as to enable it to maintain its status as an authorised investment trust. A review of the business is given in the Chairman's Statement and the Portfolio Review.

The investments

The total assets less [illegible] liabilities amounted to £152,[illegible] at 31 October 1990 compared with £178,076,000 at 31 October 1989 and the net asset value of the ordinary shares has fallen by 15.6 per cent. from 106.8p to 90.1p. The percentage changes in the principal financial indices are shown on page 5 and the forty largest investments are shown on page 6.

The revenue

Total revenue for the year to 31 October 1990 was £10,016,000. After deducting management expenses, debenture interest and taxation, the amount available for the ordinary shareholders is £4,966,000 compared with £3,953,000 for the year ended 31 October 1989. A fourth interim dividend of 0.80p per ordinary share will be paid on 28 February 1991 which, together with the three quarterly dividends paid or payable, makes a total dividend for the year of 2.78p per share. This represents an increase of 20.3 per cent. compared with the previous year. The balance of net revenue amounting to £660,000 has been carried to retained revenue. During the year the company made donations of £3,167 to charities and £6,500 to the Conservative Party.

Future dividend

The directors propose to increase the three interim dividends payable in May, August and November to 0.80p per share and intend to pay a fourth interim dividend of not less than 0.80p per share in February 1992 making a minimum total payment of 3.20p per share for the year to 31 October 1991.

Directors

The directors of the company during and at the end of the year, all of whom, with the exception of Mr M B Moule, are non-executive, and their interests in the ordinary shares of the company were as follows:-

	31 October 1990	31 October 1989
With [illegible]cial interest:		
A C Barker	89,483	89,430
J D Abell (Resigned 25.4.90)	—	20,000
J D Crosland	8,000	8,000
P G H Hedley-Dent	46,000	46,000
M B Moule	10,200	6,968

No director had an interest at the beginning or end of the year in the company's debenture or preference stocks. There have been no changes in the above directors' interests since the end of the financial year.

During the year Mr J D Abell, a director since March 1987, resigned from the board due to increased business commitments.

The director retiring by rotation is Mr M B Moule who being eligible offers himself for re-election.

There were no contracts subsisting during or at the end of the year in which a director of the company is or was materially interested and which is or was significant in relation to the Company's business.

Mr M B Moule is an executive of the management company and is remunerated by that company in respect of services provided to the Bankers Investment Trust under the management agreement.

Personal Equity Plans (PEP's)

At the current time your Trust is not eligible for a PEP scheme at the higher rate as the Trust's investment policy has been to maintain its flexibility to invest worldwide. However, this matter is being kept under continual review.

Report of the Directors

continued

Management company
Investment management, accounting, secretarial and administrative services are provided to the company by Touche Remnant Holdings Limited and its subsidiaries ("the Touche Remnant Group"). Touche Remnant Holdings Limited is a wholly owned subsidiary of Société Générale, the largest privately owned bank in France and one of the world's major banks.

The annual management charge for the year under review was 0.36% on quoted assets and 1.00% on unquoted assets and direct property on the average value of assets under management on the last day of each of the three years preceding the calendar year in respect of which the calculation is made. With effect from 1 January 1991 these rates will be increased to 0.44% on quoted assets and 1.25% on unquoted assets, this being the first substantive change in six years. Investment in funds managed by the Touche Remnant Group are wholly excluded from charge.

The Management Agreement may be terminated by either party, but in certain events the company will be required to pay compensation to the Touche Remnant Group of an amount of between one and two years' management charges. Compensation is not payable if three or more years' notice of termination is given.

The non-executive directors constitute a committee which deals with any potential conflicts of interest between the shareholders and the Management Company.

Multi-currency loan facilities
During the year under review the company continued to protect its interests overseas. The US dollar loan was increased from US$14 million to US$18 million, however the Australian dollar loan of A$1.7 million was repaid.

Subsidiary company
The company has one wholly owned subsidiary company which is incorporated in, and operates principally in, the UK: The Army and Navy Investment Company Limited. This company carries on the business of an investment dealing company.

Substantial share interests
Notices have been received by the company of the following substantial interests in the issued ordinary share capital of the company:

	Number of shares	% of capital
The Equitable Life Assurance Soc.	20,170,000	13.0
Prudential Corporation plc	13,640,000	8.8
Scottish Widows Fund and Life Assnce. Soc.	13,253,900	8.6
Pearl Assurance plc	11,080,000	7.2
London and Manchester Group plc	9,425,000	6.1
Gartmore Income Fund	5,600,000	3.6
Prudential Staff Pension Scheme	5,440,000	3.5

So far as the directors are aware, no other person held, or was interested in, 3% or more of the ordinary share capital of the company.

Since the year end the holding of the London and Manchester Group plc has been reduced to 7,500,000 shares being 4.8% of the issued capital. No other changes to the holdings have been notified since the end of the financial year.

Auditors
The auditors, Price Waterhouse, have expressed their willingness to continue in office. A resolution to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board

Andrew C Barker

A C BARKER
Chairman

16 January 1991

Revenue Account

for the year ended 31 October 1990

			1990 £'000	1989 £'000
Income from fixed asset investments (notes 1 & 2)				
Franked			5,004	3,916
Unfranked			3,626	2,741
Rent			-	61
			8,630	6,718
Other interest receivable and similar income				
Bank interest			1,329	1,314
Underwriting commission and other income			87	79
			10,046	8,111
Interest payable				
Debenture repayable wholly or partly after five years			1,102	1,102
Bank currency loan and other interest			1,083	617
Administrative expenses (note 3)			1,043	947
			3,228	2,666
Profit on ordinary activities before taxation			6,818	5,475
Taxation on ordinary activities (note 4)			1,802	1,472
Profit on ordinary activities after taxation for the financial year			5,016	4,003
Appropriations – Dividends				
Cumulative preference stock			50	50
Available for ordinary shareholders			4,966	3,953
Ordinary shares:	1990	1989		
Three interim payments of 0.66p each (1989 – 0.55p)	1.98p	1.65p		
Fourth interim payment	0.80p	0.66p		
	2.78p	2.31p	4,306	3,578
Imputed tax	0.93p	0.77p		
Dividends and imputed tax	3.71p	3.08p		
Add to retained revenue (note 10)			660	375
Earnings per ordinary share (note 5)			3.21p	2.55p

The notes on pages 21 to 24 form part of these accounts.

Balance Sheet

at 31 October 1990

	1990 £'000	1989 £'000
Fixed Assets		
Tangible assets – long leasehold property (note 7)	13	13
Investments – listed at market value (notes 1, 7 & 11)		
in Great Britain	88,317	86,275
Abroad	62,782	83,798
Unlisted at directors' valuation	1,201	2,502
	152,300	172,575
	152,313	172,588
Current assets		
Debtors (note 8)	3,489	6,481
Bank balances and short term deposits	14,720	19,169
	18,209	25,650
Creditors: amounts falling due within one year (note 9)	18,216	20,162
Net current (liabilities)/assets	(7)	5,488
Total assets less current liabilities	152,306	178,076
Creditors: amounts falling due after more than one year (note 9)	11,300	11,300
	141,006	166,776
Capital and reserves		
Called up share capital authorised, issued and fully paid:		
3½% (formerly 5% gross) cumulative preference stock	1,430	1,430
154,880,000 ordinary shares of 25p each	38,720	38,720
	40,150	40,150
Unrealised (depreciation)/appreciation of fixed assets (note 10)	(12,709)	23,704
Other reserves – non-distributable (note 10)	110,406	100,423
Revenue account (note 10)	3,159	2,499
	100,856	126,626
	141,006	166,776

A C Barker
M B Moule } Directors

The accounts were approved by the directors on 16 January 1991.

The notes on pages 21 to 24 form part of these accounts

Statement of Source and Application of Funds

for the year ended 31 October 1990

	1990 £'000	1990 £'000	1989 £'000	1989 £'000
Revenue account				
Source of funds:				
Profit after taxation imputed and deducted at source (see Note below)		5,115		4,085
Application of funds:				
Dividends paid during year:				
Preference stock	50		50	
Ordinary shares	3,918		3,377	
Taxation paid (refunded)	96		(404)	
		4,064		3,023
Funds generated		1,051		1,062
Capital				
Source of funds:				
Sale of investments	53,978		85,448	
Capital expenses	8		–	
Currency and bank loans raised	4,777		6,325	
Exchange differences on currency bank balances	1,027		31	
	59,790		91,804	
Application of funds:				
Purchase of investments	61,168		81,681	
Currency and bank loans repaid	844		–	
	62,012		81,681	
Movement in fixed assets and related borrowings		(2,222)		10,123
Total movement of funds		(1,171)		11,185
Increase/(decrease) in uninvested funds				
Represented by:				
Debtors	(3,764)		4,564	
Creditors	5,624		(5,099)	
Bank balances and deposits	(3,031)		11,720	
		(1,171)		11,185
Note				
Profit after taxation imputed and deducted at source is arrived at as follows:				
Profit before taxation		6,818		5,475
Less: Imputed tax on franked income	1,220		939	
Overseas tax	338		328	
Net income tax suffered	145		123	
		1,703		1,390
		5,115		4,085

Notes to the Accounts

1 Accounting policies

a) The company prepares its annual accounts on the historical cost basis of accounting modified to include revaluation of investments and property.

b) Income from investments, including imputed tax credit is credited to the revenue account on a due date basis. Interest income and expenses are accounted for on an accruals basis.

c) Realised and unrealised capital gains and losses, including exchange differences, on the translation of foreign currency assets and liabilities, are dealt with in the non-distributable reserve.

d) Investments are valued at middle market prices for those listed in the United Kingdom and at closing prices for those listed abroad. Unlisted investments are valued at directors' current valuations.

e) Assets and liabilities in foreign currencies are translated at official rates of exchange ruling on 31 October 1990. Costs of purchases and proceeds from sales of investments in foreign currencies are calculated in sterling at the rates of exchange ruling at the dates the transactions take place. Outstanding forward foreign currency transactions are translated at the appropriate forward rates ruling on the balance sheet date.

f) Advance corporation tax attributable to dividends accrued or proposed at the balance sheet date, is treated as a current liability. To the extent that such advance corporation tax is regarded as recoverable in the foreseeable future it is also treated as a current asset.

2 Income from investments

	1990 £'000	1989 £'000
Franked:		
Listed	4,996	3,820
Unlisted	8	126
	5,004	3,946
Unfranked:		
Listed investments		
Dividend income	2,666	2,279
Interest income	901	293
Unlisted investments		
Dividend income	–	53
Interest income	59	116
	3,626	2,741

Notes to the Accounts

continued

3 Administrative expenses include:

	1990 £	1989 £
Directors' emoluments		
Fees and other emoluments	41,139	30,250
Emoluments included therein:		
Chairman	15,000	13,750
Highest paid director	15,000	15,875
The emoluments of other directors fell within the following ranges:	Number	Number
£1-5,000	1	—
£5,001-10,000	3	1
Management fee	£581,640	£502,833
Auditors' remuneration	£9,350	£8,800
Bank charges	£107,631	£114,719

4 Taxation

	1990		1989	
	£'000	£'000	£'000	£'000
The charge for taxation in the revenue account comprises:				
Imputed tax at 25%		1,220		939
Corporation tax at 35%	582		533	
Less: Relief for overseas withholding tax	338		328	
		244		205
		1,464		1,144
Overseas withholding tax		338		328
		1,802		1,472

Included in taxation in the balance sheet is the sum of £751,000 (1989 £625,000) being the estimated advance corporation tax (ACT) calculated in accordance with Note 1(f), payable in the year ending 31 October 1991 relating to dividends accrued at 31 October 1990. An asset account of the same amount is included in ACT recoverable reflecting its expected refund in the year ending 31 October 1990. The figures for ACT have been calculated at 25%.

5 Earnings per ordinary share

The calculation of earnings per ordinary share on a net basis on earnings of £4,966,000 (1989 £3,953,000) and on the 151,880,000 ordinary shares deemed to be in issue for the two years ended 31 October 1990.

6 Substantial equity interests

The company holds a substantial interest in the equity capital of Electronic Data Processing PLC (18.1 per cent), TR High Income Trust PLC (3.9 per cent) and TR European Growth Trust PLC (3.1 per cent), all of which are incorporated in the United Kingdom.

Notes to the Accounts

continued

7 Changes in group fixed assets

	Long Leasehold Property £'000	Other Investments £'000	Total £'000
Valuation at 1 November 1989	13	172,575	172,588
Unrealised appreciation	–	(23,704)	(23,704)
Cost	13	148,871	148,884
Additions at cost	–	61,168	61,168
Disposals at cost	–	(45,030)	(45,030)
At 31 October 1990			
Cost	13	165,009	165,022
Unrealised depreciation	–	(12,709)	(12,709)
Valuation of investments at 31 October 1990	13	152,300	152,313

8 Debtors

	1990 £'000	1989 £'000
Investments sold for future settlement	1,754	5,793
Prepayments and other debtors	579	304
ACT recoverable	1,156	340
Other tax recoverable	–	44
	3,489	6,481

9 Creditors

	1990 £'000	1989 £'000
Amounts falling due within one year:		
Sterling loan	4,400	–
U.S.$18 million loan (1989 – U.S.$14 million)	9,251	8,874
Australian $1.7 million loan	–	814
Bank overdrafts	–	1,118
Purchases for future settlement	1,103	6,519
Other creditors	126	284
Taxation (Note 4)	915	139
Accruals	123	173
Debenture interest accrued	16	16
Dividends declared or proposed:		
Preference	21	21
Ordinary	2,261	1,874
	18,216	20,162
Amounts falling due after more than one year:		
Debenture stock (secured by floating charge on the assets)		
4% perpetual debenture stock	1,300	1,300
10½% debenture stock 2016	10,000	10,000
	11,300	11,300

The £10,000,000 *10½%* debenture stock 2016 becomes redeemable at par before 31 October 2016 (except insofar as previously purchased and cancelled).

Notes to the Accounts

continued

10 Reserves

	£'000
a) Unrealised appreciation of fixed assets/non-distributable	
At 31 October 1989	23,704
Decrease in the year	(36,413)
At 31 October 1990	(12,709)

	£'000
b) Other non-distributable reserves	
At 31 October 1989	100,423
Increase in the year arising from:	
Net realised gains on investments	8,956
Exchange differences arising on translation of currency balances	1,027
At 31 October 1990	110,406

c) Retained revenue

	£'000
At 31 October 1989	2,499
Balance from revenue account for the year	660
At 31 October 1990	3,159

11 Subsidiary company

The company has one wholly owned subsidiary, The Army and Navy Investment Company Limited, incorporated in and operating in the UK, which is included in unlisted investments at cost. It has an issued share capital of £2 which consists of ordinary shares and it is treated as an investment dealing company. The accounts of the Army and Navy Investment Company Limited show the following position:

	£
Net profit after taxation for the year ended 31 October 1990	10,597
Balance brought forward	134,110
Unappropriated profit carried forward not dealt with in the holding company's accounts	144,707

Consolidated accounts incorporating the above subsidiary have not been prepared as in the opinion of the directors the amounts involved are not material.

12 Contingent liabilities

As at 31 October 1990 there were contingent liabilities on investments, guarantees and underwriting commitments amounting to £979,000 (1989 £180,000).

13 Rates of exchange

The principal exchange rates at 31 October were:	1990	1989
U.S. dollar	1.9458	1.5776
Yen	252.86	225.06
Deutschemark	2.9489	2.9056
Hong Kong dollar	15.1685	12.3195

Auditors' Report

To the members of The Bankers Investment Trust PLC

We have audited the accounts on pages 18 to 24 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 October 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants

16 January 1991
London

Financial Calendar

Results
Half-year announced June
Full year announced December

Report and Accounts posted to shareholders in January
Annual general meeting held in London in February at the Registered Office.

Dividends:
Ordinary shares
First interim paid end May
Second interim paid end August
Third interim paid end November
Fourth interim paid end February

Preference and debenture stock interest:
Preference stock paid on 31 May and 30 November
4% debenture stock paid on 5 January and 5 July
10½% debenture stock paid on 30 April and 31 October

The market price of the company's ordinary shares is quoted daily in the Financial Times, The Times, The Daily Telegraph, The Independent and The Guardian.

The Financial Times provides the following additional information daily, an estimated net asset value and the discount.

History

The company was incorporated in 1888. Since seven of the nine original directors were bankers by profession, the name The Bankers' Investment Trust, Limited was considered appropriate. The company has paid dividends on the equity capital in every year since incorporation except for the years 1892 and 1893. The company joined the Touche Remnant management group in 1970.

Analysis of Ordinary Shareholders

Category	Number of holders	%	Holding	%	Average holding
Individuals	3,137	89.88	27,631,533	17.84	8,039
Banks and Bank Nominees	259	6.77	50,478,121	32.59	194,895
Investment Companies	15	0.39	5,170,310	3.34	344,687
Insurance Companies	48	1.25	65,579,861	42.34	1,366,247
Other Companies	35	0.92	1,079,534	0.70	30,844
Pension Funds	9	0.24	2,717,779	1.75	301,975
Universities, Schools & other Corporate Bodies	21	0.55	2,222,862	1.44	105,851
	3,824	100.00	154,880,000	100.00	40,502

Capital Gains Tax

To help holders of shares and stocks in the company to calculate their capital gains tax position, the prices of the company's shares and stocks on 31 March 1982, the start of indexation allowance for inflation, are as follows:

	31 March 1982
Ordinary shares of 25p each	22.25p*
3½% (formerly 5% gross) cumulative preference stock	£35.0%
4% perpetual debenture stock	£27.5%
Retail price index (new basis 100 in January 1987)	79.4

*Adjusted for capitalisation issues in 1984 and 1987.

For those shareholders who have purchased shares through an Investment Trust Savings Scheme on a monthly basis, the Inland Revenue have introduced new rules for calculating the capital gains tax liability (if any) on the sale of such shares. In addition to the normal statutory basis for calculating the capital gains liability to tax, an optional basis has been introduced. The optional basis allows taxpayers to aggregate the cost of the shares purchased through the Touche Remnant monthly savings scheme during the company's accounting year and treat them as if they were a single investment made in the seventh month of that year, which in your company's case would be May. In this respect you are advised to keep a separate note of purchases made through the Savings Scheme since other purchases will not be eligible for the optional basis. Guidance notes prepared by the Association of Investment Trust Companies, which include a question and answer brief, should be read before you make a decision as to whether to opt for the optional basis and these are available free of charge from the Company Secretary at the Registered Office.

Status

The company is an investment trust company as defined by Section 842 of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the company's status has been obtained for the year ended 31 October 1989 and the company has subsequently directed its affairs so as to enable it to continue to obtain such approval. The 'close company' provisions of the Act do not apply to the company.

Notice of Meeting

Notice is hereby given that the one hundred and third Annual General Meeting of the company will be held at Mermaid House, (Fourth Floor), 2 Puddle Dock, London EC4V 3AT on Wednesday, 20 February 1991 at 12.30 p.m. for the transaction of the following ordinary business:

1. To receive the report of the directors and the audited accounts for the year [illegible]d 31 October 1990

[illegible] Mr M B Moule as a [illegible]

[illegible] [illegible]itors and to [illegible] their remuneration

By order of the Board
K K Lindsey

For and on behalf of
Touche Remnant Secretarial Services Limited
Secretary

16 January 1991

Notes:

An ordinary shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. Such proxy need not be a member of the company.

A member holding only preference shares is not entitled to attend or vote at the meeting. This notice is sent to them merely for information.

No director has a contract of service with the company.

The register of directors' interests kept by the company in accordance with the requirements of Section 325 of the Companies Act 1985 will be open for inspection at the Annual General Meeting.

Warrants for the fourth interim dividend on the ordinary shares will be posted on 27 February 1991 to those shareholders whose names appeared on the register on 18 January 1991.

Directors
A C Barker (Chairman)
J D Crosland
P G H Hedley-Dent, FCIS
M B Moule

Investment manager
Touche, Remnant & Co.
represented by Michael Moule

Secretary
Touche Remnant Secretarial Services Limited
represented by Keith K Lindsey, FCA

Registered number
Registered as an investment trust company
in England No. 26351C

Registered office
Mermaid House
2 Puddle Dock
London EC4V 3AT
Telephone: 071-236 6565
Telex: 885703
Fax: 071-248 9756

Registrars
Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 081-650 4866

Auditors
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY

Solicitors
Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

Bankers
The Royal Bank of Scotland PLC
67 Lombard Street
London EC3P 3DL

Stockbrokers
Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

AITC

A member of the Association of Investment Trust Companies