Signed

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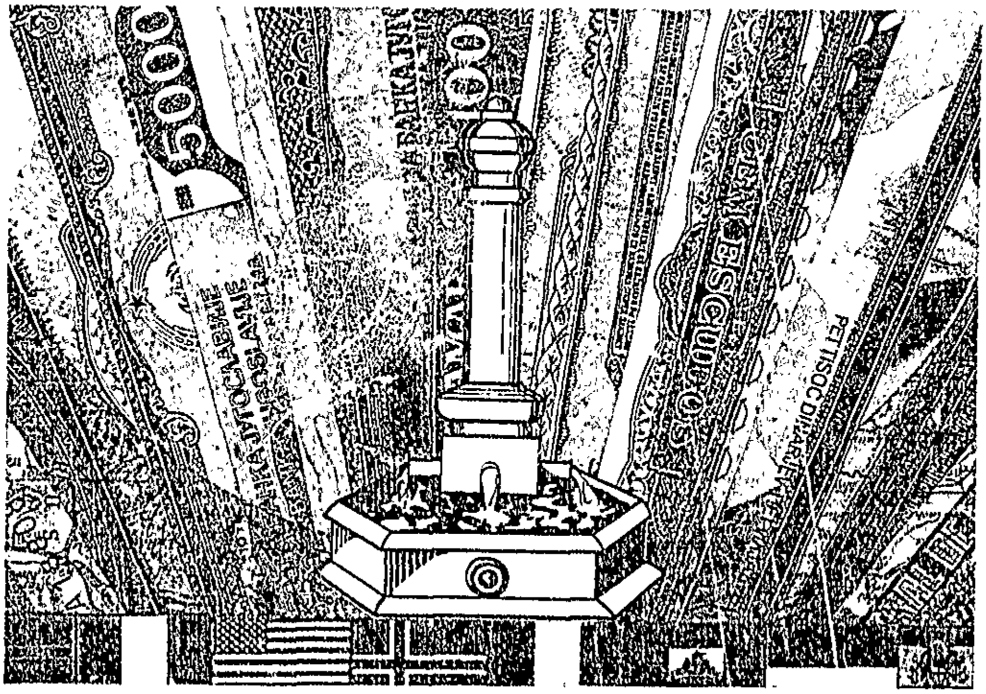
REPORT & ACCOUNTS 1992



THE BRUNNER
INVESTMENT TRUST PLC

Kleinwort Benson
INVESTMENT TRUSTS

CONTENTS

The illustration on the cover of this report features a fountain (Brunnen in German) from the Arms of the Brunner family, which derives from Switzerland.

The great, great grandfather of the present chairman of The Brunner Investment Trust was born in Canton Zurich and migrated to Lancashire in 1832. His son, Sir John T. Brunner, Bart, was the co-founder of Brunner, Mond & Co, the largest of the four companies which came together to form ICI in 1926. The family's interest in ICI was used in the following year to establish The Brunner Investment Trust.

A member of The Association of Investment Trust Companies

KEY FACTS

Investment Objective *The Trust's objective is to achieve the maximum capital growth consistent with steady income growth in excess of the rate of inflation from a portfolio which will normally have a significant overseas content. This objective is chosen to meet the requirements of the majority of individuals and trustees.*

Highlights of the Year

Revenue	1992	1991	% change
Available for Ordinary Dividend	£3,474,094	£3,496,447	−0·6
Earnings per Ordinary Share	5·43p	5·46p	−0·6
Dividend per Ordinary Share	5·00p	4·75p	+5·3
Retail Price Index	139·7	135·6	+3·0
Assets			
Total Net Assets	£130,173,559	£112,285,911	+15·9
Net Asset Value per Ordinary Share	202·7p	174·7p	+16·0
FT-Actuaries All-Share Index	1,31?·02	1168·95	+12·3
Standard & Poor's Composite Index (adjusted for currency)	796·42	594·07	+34·1

Investments are valued on the basis set out in note 7 on page 25

Financial Calendar

Results
Half-year announced mid June.
Full-year announced mid December.
Report and Accounts posted to Shareholders mid February.
Annual General Meeting held mid March.

Ordinary Dividends
Interim paid mid September.
Final paid early April.

Preference Dividends
Payable half-yearly 30th June and 31st December.

Chairman's Statement

A year ago – at what now appears to have been the approximate mid-point of the prolonged recession affecting most English speaking countries – I pointed to the possibility of the Trust's earnings in 1992 failing to match the previous year's. In the event the earnings decline has proved insignificant.

The year saw the Trust's gross revenue decline by 0.6% to £6.68 million and net revenue after providing for interest payable on the Stepped Rate Interest Loan, administration expenses, corporation tax and payment of dividends on the preference stock decline by 0.6% to £3.47 million. The marginal earnings decline from 5.46p to 5.43p per ordinary share is largely explained by a reduction in bank deposit interest and a noticeable fall in underwriting income.

Your Board is recommending payment of a final dividend of 2.65 pence per ordinary share which, taken together with the interim dividend of 2.35 pence per ordinary share paid in September, amounts to a total distribution of 5.00 pence per ordinary share. The distribution represents an increase of 5.3% over the total distribution in the preceding year and requires no recourse to the Trust's revenue reserves.

The past year has produced a more than satisfactory performance on the capital account. Net assets attributable to the ordinary shares increased from £111.8 million to £129.7 million, and the net asset value per ordinary share increased by 16% from 174.7 pence to 202.7 pence so comfortably exceeding the FT-A All-Share Index and the Datastream Investment Trust average in the same period. The superior asset performance is in large measure explained by a low exposure to Japan, increased investment in the smaller Pacific Basin markets and continuing emphasis on large rather than small companies in the UK. The performance overall reflects well on the competence of KBIM's managers and it is, I believe, timely for me to congratulate them for the capable way they have discharged their duties.

The outlines of economic recovery are always notoriously hard to discern at the bottom of a recession and it is neither original nor enlightening to note that the seeds of recovery have already been sown in the United Kingdom, especially since September's events. After two years of declining gross domestic product confidence is clearly at a low ebb. Yet I believe that there are sound reasons for expecting a gradual recovery as 1993 proceeds, among them the strength of the economic recovery already underway in the United States of America. Sterling's devaluation and the dramatic fall in interest rates in recent months are likely, taken together, to boost the real economy as they have already raised confidence on the London Stock Exchange. And we should not overlook industry's and commerce's Herculean efforts to raise productivity since 1990. Sadly, the beneficial impact of these trends on employment is unlikely to be visible for some time to come.

None of this can be expected to have any immediate consequence for the Trust's earnings since many company balance sheets remain strained and historical dividends have, by the admission of some Boards, been overgenerous. So we remain cautious. Nonetheless, I am hopeful that the Trust will be able to maintain its longstanding policy of steady and progressive dividend payments to shareholders in the year ahead.

I am pleased to report that the number of shareholders in the Trust has continued to increase over the last year and now totals 1,069. This development mirrors the increasing popularity of pooled investments generally and Investment Trusts in particular. The introduction of Savings Schemes and Personal Equity Plans has unquestionably enhanced their appeal. In this connection it may interest shareholders to learn that a sum of £100 invested in the Trust's equity on 3rd April 1950 (the date of the Trust's first Listing on the London Stock Exchange) had grown to be worth £13,665 on 30th November 1992. Whereas the same sum invested in the equity of the chemical company from which the Trust originated in 1926, would have produced a value of £2,077. This comparison, prepared by the Trust's managers and confirmed by the Trust's stockbrokers, disregards dividends distributed and rights issues but includes scrip issues.

Lastly, on 13th March Mr. R.N. Young resigned after completing seventeen years' service as a Director of the Trust. I should, first, like to record a large debt of gratitude to Mr. Young for the sterling contribution he has made to the Trust's very respectable record in these years; secondly, to wish him every success in his present civic responsibilities in the City of London. It is your Board's intention to appoint a further independent Director in the course of 1993. By so doing we aim to comply with the Code of Best Practice drawn up in 1992 by the (Cadbury) Committee on the Financial Aspects of Corporate Governance.

TBH BRUNNER
Chairman
16th February 1993

Historical Record

Years ended 30th November

Revenue and Capital

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Gross Revenue (£000's)	2,747	3,059	3,071	3,526	4,376	5,613	5,775	6,500	6,719	6,678
Earnings per share (net) #	1·84p	2·00p	2·20p	2·48p	2·87p	3·26p	4·29p	5·22p	5·46p	5·43p
Dividend per share (net) #	1·82p	2·00p	2·20p	2·45p	2·75p	3·10p	3·75p	4·30p	4·75p	5·00p
Tax credit per share #	0·78p	0·86p	0·94p	1·00p	0·96p	1·03p	1·25p	1·43p	1·58p	1·67p
Total dividend #	2·60p	2·86p	3·14p	3·45p	3·71p	4·13p	5·00p	5·73p	6·33p	6·67p
Total Assets (£000's)	50,599	55,668	67,235	86,152	75,753	93,308	127,665	100,977	112,286	130,174
Assets attributable to Ordinary Capital (£000's)	50,149	55,218	66,785	85,702	75,303	92,858	127,215	100,527	111,826	129,724
Net Asset Value per share #	78·4p	86·3p	104·4p	133·9p	117·7p	145·1p	198·8p	157·1p	174·7p	202·7p

Geographical Disposition of Invested Funds

	Percentage of Valuation									
United Kingdom	44·6	47·2	47·4	48·7	67·2	62·7	54·5	70·1	63·9	58·0
Europe	6·1	9·0	18·0	12·1	7·2	8·4	14·7	10·0	13·2	14·3
America	41·2	35·2	29·4	33·0	20·3	21·1	21·6	12·9	13·2	15·0
Japan	4·9	6·6	3·8	2·8	1·5	3·1	4·7	1·8	1·2	0·4
Pacific Basin	3·1	1·3	0·8	2·5	2·9	4·7	4·5	5·2	8·5	12·3
Other Countries	0·1	0·7	0·6	0·9	0·9	—	—	—	—	—
	100	100	100	100	100	100	100	100	100	100

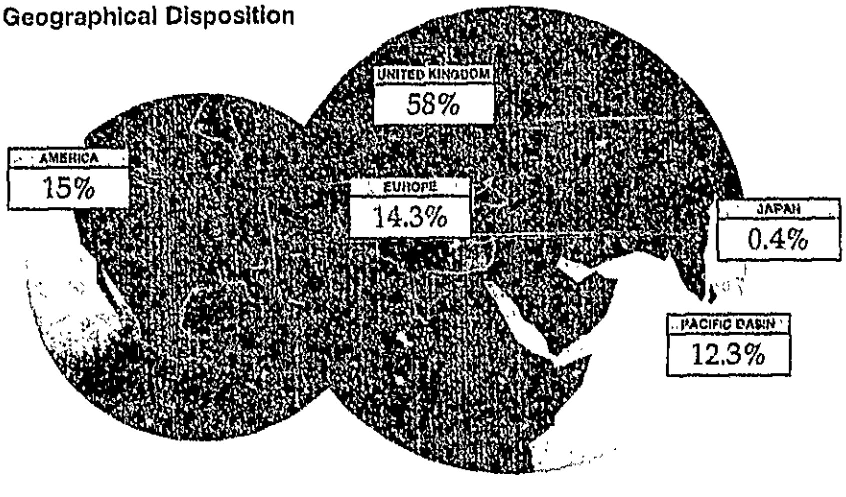
Notes

 # Adjusted for 1 for 1 capitalisation issue in July 1983.

The share price, after adjustment for bonus issues, was 37·25p at 31st March 1982.

The share prices quoted in the London Stock Excl nge Daily Official List for 30th November 1992 were 171p–176p.

Geographical Disposition



Directors and Management

Directors

TBH Brunner MA (Chairman)
(Born February 1932) joined the Board in May 1971 and was appointed Chairman in December 1972. For over 30 years he served in various positions in the chemical industry, first with Imperial Chemical Industries PLC and latterly with Texaco Limited.

HLJ Brunner MA
(Born August 1935) joined the Board in January 1987. He is a Director of Caithness Glass PLC. He has also had many years experience in the publishing industry.

BCR Siddons FCA
(Born May 1945) joined the Board in February 1991. He is Chairman of Kleinwort Benson Investment Trusts and is a Director of Kleinwort Benson Investment Management Limited, Kleinwort Smaller Companies Investment Trust plc, Kleinwort High Income Trust plc and other companies within the Kleinwort Benson Group.

JFH Trott BA
(Born January 1938) joined the Board in December 1977. He is Executive Vice President with Bessemer Trust and a Director of Standard Life Assurance Company. He was formerly Chairman of Kleinwort Benson International Investment Limited.

The Managers

Kleinwort Benson Investment Management Limited
Kleinwort Benson Investment Management and associated companies currently manage assets valued at £10·9bn. This sum is made up of investment trust, unit trust, offshore and pension fund portfolios as well as monies entrusted to KBIM's care by other institutional and private clients. KBIM is a member of the London Stock Exchange and IMRO. Through the Kleinwort Benson Group, KBIM has a strong network of international connections. In North America, Kleinwort Benson has offices in New York, Chicago and Los Angeles. In Europe it has banking offices in Brussels and Geneva and has agents in other key countries. In the Pacific Basin it has offices in Hong Kong and Tokyo.
S.R.T. White has managed the portfolio since 1988.

Joint Secretaries and Registered Office

L.M. Frost, LL.B.
P.L. Longcroft, A.C.I.S.
10 Fenchurch Street,
London, EC3M 3LB
Telephone: 071-623 8000

Registrars and Transfer Office

Barclays Registrars,
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34 Beckenham Road,
Beckenham, Kent BR3 4TU

Registered Number

226323

Auditors

BDO Binder Hamlyn,
Chartered Accountants,
20 Old Bailey, London EC4M 7BH

Bankers

Barclays Bank PLC
Kleinwort Benson Limited
Kleinwort Benson Investment Management Limited.

Stockbrokers

Warburg Securities Limited

INVESTMENT MANAGERS' REVIEW

Summary *Early hopes of an improving world economic background were unfulfilled, as the European and Japanese economies slowed further while the year progressed. Only in America, after a prolonged period of very low interest rates did economic growth appear to have established a firm hold by the end of the year. For the UK investor, although evidence of recovery continued to prove elusive, sterling's withdrawal from the ERM in September encouraged hopes for a domestic recovery in 1993 and its devaluation boosted returns from overseas markets.*

The direction of the UK market was dominated by politics in the early months of the year, fluctuating sharply according to investors' perceptions of the likely General Election result. A lacklustre campaign by the Government, a deteriorating economic background, and persistently poor government ratings in the opinion polls all combined to convince investors that a Labour Government was likely, and shares fell sharply before the election. In the event, an unexpected Conservative victory was greeted with a strong rebound in investor and business confidence. As the recession deepened during the summer, however, shares fell back and sterling's position in the ERM came under sustained pressure. Eventual withdrawal from the ERM in September allowed the Government to embark on a series of interest rate cuts to levels more consistent with the domestic economic background. It also heralded a shift in emphasis away from controlling inflation and towards promoting growth. Since the end of the Trust's financial year some improvement in retail sales and the money supply suggest that a modest recovery has begun.

Following a strong rally at the end of 1991, the US stockmarket traded in a relatively narrow range throughout the year. Reassuring comments from Mr. Clinton prior to the presidential election calmed fears of renewed inflation and his eventual victory had been discounted by the markets well in advance. Further reductions in interest rates by the 'Fed' helped to support a sluggish economy and, by the end of the year, expectations for reasonable growth in 1993 increased. However, most of the 34% return to sterling investors over the year came through dollar appreciation.

The Japanese market continued to be beset by scandal and a deteriorating economic background. The market fell sharply in the first quarter and earnings estimates were revised downwards as the year progressed. The authorities responded by reducing interest rates and announcing a reflationary package to stimulate growth. Although shares rallied towards the end of the Trust's financial year, confidence remained low, particularly in the financial sector.

Inflationary concerns in Germany dictated that interest rates remained high throughout Europe despite a marked slowdown in economic activity. The Danish referendum rejecting the Maastricht Treaty caused turmoil in the foreign exchanges and equity markets which was only partly assuaged by the positive French vote. By the end of the year the weaker currencies in the ERM had either left the mechanism or had been significantly devalued.

The smaller Far Eastern markets provided the strongest returns; Malaysia and Hong Kong increased by more than 50% in sterling terms. Exposure to this area was increased during the year and represented 12% of the Trust at the year end. The region looks set to continue to grow at above 5% in the forthcoming year. An exposure to South America was also initiated during the year; the continent should enjoy stronger economic growth than the developed world over the medium term and sounder government finances should allow inflation to be brought under control in the major economies.

Equity values in most world stockmarkets are at the high end of their historic ranges and may require earnings growth to allow further progress. In the US the outlook is more encouraging than for some time and the first signs of a UK recovery are emerging. In Europe, reductions in interest rates should push equities higher. Elsewhere, selective opportunities will be pursued in high growth areas such as the Far East and Latin America.

Investment Changes

	UK Equities	US Equities	Other Equities	Fixed Interest	Total
Valuation 30 November 1991	79,595,581	16,129,206	25,577,535	3,710,113	125,012,435
Purchases	10,622,906	13,864,170	18,494,328	4,350,597	47,332,001
Sales	(12,423,127)	(14,673,375)	(11,010,850)	(4,553,812)	(42,661,164)
Appreciation	5,349,953	7,044,414	5,459,296	643,067	18,496,730
Valuation 30 November 1992	83,145,313	22,364,415	38,520,309	4,149,965	148,180,002

Thirty Largest Equity Holdings

	Valuation 30 Nov 1992 £000's	%	Valuation 30 Nov 1991 £000's	Net Purchases or (Sales) £000's	Appreciation (Depreciation) £000's
British Gas	3,481	2·35	2,981	—	500
Glaxo Holdings	3,455	2·33	3,795	(503)	163
Bowater	2,727	1·84	2,035	(112)	804
Argyll Group	2,632	1·78	2,002	—	630
Allied-Lyons	2,576	1·74	2,340	—	236
Bass	2,571	1·74	2,012	—	559
National Westminster Bank	2,364	1·60	1,728	—	636
British Telecommunications	2,299	1·55	—	1,880	419
Prudential Corporation	2,286	1·54	1,814	—	472
SmithKline Beecham	2,169	1·46	1,130	499	540
Cadbury Schweppes	2,149	1·45	1,926	—	223
BTR	2,028	1·37	1,565	8	455
Hanson	2,002	1·35	1,696	—	306
RTZ	1,663	1·12	1,335	—	328
Shell Transport and Trading	1,662	1·12	1,458	—	204
Reed International	1,646	1·11	1,360	—	286
B.A.T. Industries	1,582	1·07	—	1,308	274
Eastern Electricity	1,540	1·04	—	1,371	169
Security Services	1,537	1·04	1,131	—	406
Cable & Wireless	1,529	1·03	1,088	166	275
British Petroleum	1,526	1·03	1,978	—	(452)
Barclays	1,496	1·01	1,468	—	28
Standard Chartered	1,492	1·01	1,060	—	432
Hays	1,410	0·95	1,157	—	253
Great Universal Stores	1,380	0·93	1,504	(325)	201
HSBC Holdings	1,370	0·92	249	535	586
Marks & Spencer	1,330	0·90	1,102	—	228
English China Clays	1,244	0·84	806	436	2
General Accident	1,193	0·80	845	—	348
Generale Banque	1,168	0·79	485	315	368
		38·81%			

The UK Market

The early months of the year were dominated by the impending General Election and the market fluctuated according to investors' perceptions of the likely outcome. Unexpected success for the government prompted a share price surge in April.

The government's political success had little enduring impact on business confidence, however, and the recession deepened as the summer progressed. Problems were most acute in the property sector, where difficulties at Heron were followed by the collapse of Olympia and York's Canary Wharf development. Further increases in unemployment, together with an increasingly depressed residential property market, prevented any upturn in consumer confidence.

Corporate activity remained at a low level for most of the year, with HSBC's bid for Midland and Tomkins' acquisition of RHM being the only major deals. A number of new issues failed to attract their full subscription and shares were left with the underwriters. A number of high-profile issues, including GPA, the aircraft leasing company, were withdrawn.

The continuing recession placed further pressure on company balance sheets and many companies were forced to reduce their dividends as earnings declined sharply. Cuts were most prevalent among smaller companies, particularly those involved in the building and engineering industries, but even some of the UK's largest companies including BP and British Aerospace were forced to reduce their payouts.

Sterling's withdrawal from the ERM on 16th September heralded a new approach in government policy. Alongside the shift in emphasis from controlling inflation to promoting growth, the Chancellor embarked on a series of interest rate cuts to bring UK rates to levels that would allow economic recovery. Towards the end of the year a number of economic statistics, including retail sales, car production and money supply growth all suggested that a recovery was underway.

United Kingdom Listed Equity Holdings

at 30th November 1992

	Value (£)	Principal Activities
British Gas	3,481,250	Gas producer and distributor
Glaxo Holdings	3,451,640	Manufacture of pharmaceuticals
Bowater	2,727,000	Print, packaging and films
Argyll Group	2,632,000	Food retailer
Allied-Lyons	2,576,000	Brewer, wines, spirits, food
Bass	2,571,400	Brewing and distilling
National Westminster Bank	2,364,000	Banking and financial services
British Telecommunications	2,298,750	International telecommunications
Prudential Corporation	2,286,250	Life assurance
SmithKline Beecham	2,169,045	Manufacture of pharmaceuticals
Cadbury Schweppes	2,149,136	Confectionery and soft drinks manufacturer
BTR	2,027,639	Diversified industrial holding company
Hanson	2,001,750	Consumer, industrial and building products
RTZ	1,662,700	Mining and diversified industrial group
Shell Transport and Trading	1,662,000	International integrated oil and gas group
Reed International	1,645,875	Publishing
* B.A.T. Industries	1,582,350	Tobacco and financial services
Eastern Electricity	1,540,000	Electricity distribution
Security Services	1,536,760	Security and mobile telephone services
Cable & Wireless	1,529,500	International communications
British Petroleum	1,526,150	International integrated oil and gas group
Barclays	1,496,000	Banking and financial services
Standard Chartered	1,491,750	Banking group
Hays	1,410,500	Business services
Great Universal Stores	1,379,550	Mail order and multiple retailer
Marks & Spencer	1,330,002	Chain store retailer
English China Clays	1,244,266	Building products and china clay extraction
General Accident	1,193,000	Composite insurance
Tate & Lyle	1,164,000	Sugar refining, commodity trading
Coats Viyella	1,089,150	Textiles
Wolseley	1,059,450	Distribution of plumbing equipment and builders merchant
Securicor Group	1,052,236	Security and mobile telephone services
Wessex Water	1,039,700	Water production and distribution
Imperial Chemical Industries	1,017,854	Chemical and pharmaceutical manufacturer
Dixons	1,004,000	Electrical goods retailing
Rank Organisation	991,850	Leisure, consumer and industrial products
Anglian Water	982,800	Water production and distribution
Kleinwort Smaller Companies Investment Trust	973,500	Investment trust
* MFI Furniture Group	961,510	Retail furniture
Kleinwort Benson Property Investment	962,768	Property development
Ocean Group	954,750	Waste disposal, freight forwarding and oil services
Fisons	933,100	Manufacture of pharmaceutical and scientific equipment
Booker	870,000	Food manufacturing and distribution
Sun Alliance Group	840,000	Insurance
Arjo Wiggins Appleton	825,000	Manufacture of paper products
Tibbett & Britten	773,250	Distribution
BICC	763,140	Cable manufacturer and construction
Redland	759,240	Builders materials
The Telegraph	750,750	Newspaper publisher
IMI	703,500	Consumer and industrial products manufacturer
Kleinwort Benson Group	650,574	Merchant bank
McKechnie	639,600	Manufacture of components and consumer products
Willis Corroon Group	603,000	Insurance broker
British Aerospace	588,142	Manufacture of aircraft and missiles
British Land	568,500	Property investment and development
Morgan Crucible	424,500	Industrial materials
Bradford Property Trust	363,837	Residential property development
Stoddard Sekers International	351,750	Carpet manufacturer
LASMO	340,000	Oil and gas exploration and production
Lowndes Lambert Group	316,623	Insurance broker
* British Bio-technology	298,900	Biotechnology research
Jes Holdings	288,118	Investment trust
WPP Group	274,303	Advertising
T.I.P. Europe	256,666	Trailer rental
Leigh Interests	219,600	Waste management
More O'Ferrall	216,125	Poster advertising
Oliver Group	127,039	Footwear retailing
Union Discount	108,000	Discount house
	£92,074,088	55.39% of Total Invested Funds

* These holdings are subject to dealing restrictions

Europe

European markets started the year in optimistic mood. Hopes for economic recovery in the US and the prospect of lower interest rates helped markets rally strongly.

Thereafter, reality began to catch up. The US, though growing, was doing so less robustly than the optimists had expected. Meanwhile, the Bundesbank, worried by the strength of the German money supply and conscious of its reputation for independence, was sticking to a tight monetary policy in a fashion that was putting most of the European economies under severe strain.

At a time when investors were beginning to doubt whether the strength that had been seen in cyclical stocks was supported by fundamentals, the Danes voted against the Maastricht Treaty in June and the Bundesbank put up interest rates by a further 0·25% in July. From the beginning of June to mid-August growing evidence of an economic downturn, along with currency turmoil following the Danish vote, pushed markets some 20% lower. The devaluation of sterling in September and a rally in the final part of the year following similar moves in Italy and Scandinavia, enabled the European markets to finish in positive territory in sterling terms, although in local currencies they ended down 1·7%.

Throughout the year, a defensive profile has been adopted emphasising financials, utilities and foods. The strength of the first half was used to reduce exposure to manufacturing. On a geographic basis, the main markets, Germany and France, have been preferred to those on the economic periphery. In the light of the disintegration of the ERM, and the consequent weakening of the theme of economic convergence, this policy has proved helpful to performance.

The forthcoming year is likely to be one of mixed fortunes. As long as the German money supply remains a worry to the Bundesbank, German interest rates are unlikely to fall significantly, although a series of devaluations outside the DM bloc has enabled some countries to cut rates. In terms of their impact on economic activity, however, these cuts are likely to prove "too little too late". For this reason, the Trust has maintained a defensive policy.

Falling capacity utilisation suggests that manufacturers are finding it increasingly difficult to cover their costs and profits are likely to remain meagre at best. In addition, the "1992" process has made European companies more dependent on intra-European trade and recovery in the US is unlikely to be of sufficient strength to offset European weakness.

On the other hand, interest rates in Europe are likely to start falling in 1993 and this could well be enough to make next year a much better one for European equities, particularly as there are a few parts of the world where interest rates remain so high.

Europe Listed Equity Holdings

at 30th November 1992

	Value (£)	Principal Activities
Generale Banque	1,168,181	Bank (Belgium)
Munchener Ruck.	1,049,087	Reinsurance company (Germany)
Nestle	1,011,290	Food manufacturer (Switzerland)
Lyonnaise Des Eaux-Dumez	928,810	Water and construction (France)
Societe National Elf Aquitane	915,481	Oil and chemicals (France)
Siemens	872,606	Electrical engineering (Germany)
Stet Di Risp	868,724	Telephone utility (Italy)
Elsevier	833,456	Scientific publishing (Netherlands)
GIB Holdings	830,748	Retailer (Belgium)
Sandoz	815,668	Chemical and pharmaceutical manufacturer (Switzerland)
International Nederlanden Groep	808,990	Insurance and banking (Netherlands)
Bayer	796,983	Chemicals and pharmaceuticals (Germany)
Pernod-Ricard	753,665	Distiller and drinks producer (France)
Karstadt	728,260	Retailer (Germany)
Societe Generale	703,631	Bank (France)
Astra	702,417	Pharmaceuticals (Sweden)
Carnaud Metalbox	684,773	Packaging and cans (France)
Credit Foncier de France	647,768	Mortgage lender (France)
Alcatel Alsthom	638,633	Electrical engineering (France)
BBC Brown Boveri	632,258	Power engineering (Switzerland)
Henkel	592,092	Speciality chemicals (Germany)
Deutsche Bank	503,979	Bank (Germany)
Tabacalera	472,540	Manufacturer and distributor of tobacco (Spain)
Iberdrola	462,361	Electricity utility (Spain)
OMV	446,741	Integrated oil and gas group (Austria)
Hunter Douglas	282,424	Manufacturer of venetian blinds (Netherlands)
Volvo	276,704	Vehicle manufacturer (Sweden)
Rinascente Di Risp	274,883	Department store chain (Italy)
Falk Acciaierie Ferriere	120,569	Steel company (Italy)
Creditanstalt Bank	114,504	Bank (Austria)
	£19,938,546	13·46% of Total Invested Funds

Pacific Basin

The Trust's increased investment in the Far East has had a positive impact, due to the performance of the Far East markets themselves and their link to the dollar, which rose strongly against sterling in the fourth quarter of the financial year. In particular, the Trust's large exposure to Hong Kong which rose 40% in local terms, and 54% in sterling terms, has aided overall returns.

Hong Kong continued to benefit from strong growth in Southern China, with which it is inextricably linked, and the stockmarket gained as investors, particularly large US institutions, realised the huge potential for both short and long term growth of Hong Kong-based companies. More recently the arrival of Chris Patten as Governor and his proposal for the 1995 Legislative Council Elections has resulted in much negative rhetoric from the Chinese. It is generally expected that some compromise will be reached but, until then, the market will remain volatile. The medium term outlook remains extremely attractive, however.

Elsewhere, increased exposure to Malaysia aided performance as markets bounced back from a relatively lacklustre 1991. Singapore ended the year with little change in index terms but rose in sterling terms. The Trust has only a small exposure to South Korea and Taiwan which rose 1·7% and fell 16% respectively in local terms. However, it is likely that weightings in South Korea will be increased after the market's poor performance since 1989.

Australia had a poor year and fell 9·8% in local currency terms. As a resource-based economy, the delay in global economic recovery weakened commodity prices and, although inflation fell to almost 0%, this was not enough to generate investor enthusiasm for recovery. Exposure to this market, however, has recently been increased as US recovery seems likely to aid commodity prices, and domestic prospects for industrial stocks also appeared to be brightening.

Overall, we remain positive on Far East prospects as economic growth continues to be significantly higher than in other areas of the world. Although the political risk in each country is above the average major market, taken as a whole the risks are much reduced, while combined returns are likely to be better than average.

Japan

Equities fell sharply in the early months of the year as further financial scandal and a succession of poor company results undermined investor confidence. The financial sector came under particular scrutiny as the capital ratios of leading banks were hit by a falling stockmarket, and further problems in the property market surfaced. Shares rallied in the third quarter following a reduction in interest rates and the announcement of a government reflationary package. Growth expectations have been reduced and the market continues to look expensive. The Trust has a small exposure to the market via the Kleinwort Benson Japanese Warrant Fund.

Pacific Basin Listed Equity Holdings

at 30th November 1992

	Value (£)	Principal Activities
HSBC Holdings	1,369,552	Bank (Hong Kong)
+ Telekom Malaysia	1,136,914	Telephone utility (Malaysia)
Thailand International Fund	868,917	Investment trust investing in Thailand
Australia and New Zealand Banking Group	825,755	Bank (Australia)
Sun Hung Kai Properties	813,682	Property developer (Hong Kong)
Hong Kong & China Gas	812,319	Utility (Hong Kong)
Resorts World	759,408	Leisure (Malaysia)
Singapore Press Holdings	725,076	Newspaper company (Singapore)
Keppel	676,314	Ship building (Singapore)
New World Development	665,735	Residential and commercial property (Hong Kong)
New Zealand Investment Trust	614,950	Invests in New Zealand companies
Development Bank of Singapore	611,480	Bank (Singapore)
Sime Darby	556,260	Plantations and commodities (Malaysia)
Siam Fund (Cayman)	541,546	Mutual fund investing in Thailand
Singapore International Airlines	495,468	Airline (Singapore)
Nylex (Malaysia)	495,436	Conglomerate (Malaysia)
Korea Pacific Trust	493,702	Investment trust investing in Korea
Cheung Kong Holdings	440,876	Property company (Hong Kong)
Philippine Long Distance Telephone	424,525	Telephone utility (Philippines)
Pioneer International	409,193	Building materials (Australia)
Hutchison Whampoa	403,817	Trading company (Hong Kong)
Hong Kong Land Holdings	402,539	Property developers (Hong Kong)
Swire Pacific	396,149	Shipping, property and airline (Hong Kong)
Windsor Industrial	395,297	Textiles (Hong Kong)
CSR	381,703	Food products (Australia)
Tenaga Nasional	374,503	Electric utility (Malaysia)
Shun Tak Holdings	304,140	Diversified conglomerate (Hong Kong)
China Investment and Development	290,161	Investment trust investing in Chinese companies
Jurong Shipyard	284,592	Shipyard (Singapore)
United Engineers	276,196	Building Materials (Malaysia)
Amcor	268,589	Pulp and paper (Australia)
AMMB Holdings	208,057	Bank (Malaysia)
Pacific Dunlop	188,977	Industrial conglomerate (Australia)
South China Morning Post	152,390	Newspaper publishers (Hong Kong)
Western Mining	139,883	Diversified resources (Australia)
	£18,204,101	12·28% of Total Invested Funds

+ Includes Convertible Bonds £568,312

Japan Listed Equity Holdings

at 30th November 1992

	Value (£)	Principal Activities
Kleinwort Benson Japanese Warrant Fund	667,823	Offshore fund investing in Japanese warrants
	£667,823	0·45% of Total Invested Funds

North America

Interest rates declined during the year, with 90 day rates falling from 4·5% to 3·3% and the yield on the long bond falling from 7·9% to 7·6%. At the beginning of the financial year, the Federal Reserve surprised the market by cutting the discount rate from 4·5% to 3·5%, a larger decline than had been expected. This prompted a strong performance from the market at the end of December, and the Standard & Poor's 500 rose by 8% in the last 10 days of 1991. From the turn of the year until the middle of November the market traded in a narrow range, showing remarkably little volatility. Following the election of Governor Bill Clinton and a string of economic indicators suggesting that the economic recovery was showing greater signs of strength, the market rallied to reach a high at the end of the period. Economic growth has generally been less than hoped for but corporate restructuring has ensured that corporate earnings have, if anything, exceeded expectations.

The portfolio started the period with an overweighting to economically sensitive stocks, although the emphasis was on stocks with secure earnings growth characteristics which would be accelerated by cyclical recovery. Additions were made to financials within the portfolio as earnings continued to recover with the loan quality improved. Profits were taken in the consumer area.

The economy should show real growth of 3% in 1993 with inflation between 3% and 3·5%. Recent economic indicators have suggested greater strength in the economy, putting to an end the downward revisions of economic growth expectations. President Clinton is expected to introduce a small fiscal stimulus package in the first quarter of 1993 and to introduce longer term budget deficit reduction proposals. Operating earnings for the Standard & Poor's 500 are expected to increase by some 15% to 20% in 1993, driven principally by margin expansion.

Reported earnings are likely to continue to be affected by large write-offs, due to accounting changes, and restructuring The valuation of the market is demanding but, provided inflation remains at current levels, only modest price-earnings contraction is expected and this should be more than compensated for by earnings growth. The US dollar is expected to appreciate relative to sterling.

Latin America

The Trust has made a small investment in Latin America during the year. An improving trend in political stability, and a determination to bring inflation under control, when combined with the above-average growth prospects, make the region an attractive investment prospect. Exposure has been achieved through the purchase of the Latin American Investment Trust although if significant further investment is made individual shares will be purchased.

America Listed Equity Holdings

at 30th November 1992

	Value (£)	Principal Activities
Exploration Company of Louisiana	1,146,300	Oil and gas exploration and production
Latin American Investment Trust	989,185	Investment trust
General Electric	949,766	Diversified electrical equipment company
K Mart Corp	942,446	Discount department store operater
May Department Stores	892,517	Chain of department stores
American International Group	778,579	International multi-line insurance holding company
Hewlett-Packard	767,443	Computer equipment manufacturer
Bankamerica	719,484	Californian regional bank
Union Pacific	715,181	Railroad and trucking
Philip Morris	672,118	Cigarette, brewing and food company
Merck & Co	627,893	Produces ethical drugs and speciality chemicals
M.C.I. Communications	616,180	Long distance telephone operator
GTE	605,258	Local telephone operator
Bank of Montreal	595,845	General banking in Canada
PepsiCo	591,203	Manufacturer of soft drinks and snack foods
Federal National Mortgage	570,958	Secondary mortgages
International Paper	563,687	Diversified paper company
Computer Sciences	530,549	Data processing services
Consolidated Edison	519,322	Utility – electric, gas and steam
Archer Daniels Midland	505,196	Processor of agricultural products
Du Pont De Nemours	501,434	Producer of chemicals, oil and gas
Mobil	492,762	Integrated international oil company
Time Warner	488,974	Publishing, entertainment and video company
Tele-Communications	475,798	Cable TV operator
Texaco	473,798	International integrated oil company
National Medical Enterprises	475,056	Speciality and general hospitals
Freeport-McMoran	474,364	Copper, sulphur, oil and gas
Allied Signal	467,126	Aerospace, automotive and fibres
Baxter International	465,807	Hospital supply
Ingersoll-Rand	460,630	Manufacture of machinery equipment, bearings and tools
Pfizer	432,769	Manufacture of pharmaceuticals and other products
Schlumberger	390,200	Oil field services and electronics
First Data	382,815	Credit card processing services
Stewart & Stevenson Services	350,369	Diesel and gas turbine generators
* Roper Industries	296,755	Manufacturer of rotary and centrifugal pumps
North American Gas	216,371	US gas investment trust
[illegible] Properties	3,006	Oil and gas, real estate
	£21,149,343	14·27% of Total Invested Funds

* This holding is subject to a dealing restriction

Unlisted Portfolio

United Kingdom

The financial year saw the successful flotation of three of the Trust's unlisted holdings. British Bio-technology raised further funds to help with the development of its drugs pipeline. Although both the Telegraph and MFI issues were undersubscribed in their original offers for sale, both shares have subsequently moved above their original offer prices. The Kleinwort Benson Ventures partnership made a number of further investments during the year including Mulberry, a manufacturer of luxury goods and Discovery Inns, a chain of pubs purchased from Whitbread.

North America

The major feature of the U.S. unlisted portfolio this year has been the flotation of Roper Industries, which is now quoted on NASDAQ. The company, which manufactures pumps for the gas industry, has been a very successful investment. Elsewhere, funds continue to be extracted from the ABS Ventures Limited Partnership as shares are spun off and subsequently sold. Further funds have been raised from Thompson Capital in the form of a loan, with the option to purchase shares if trading improves in the future. There have been a number of capital repayments from Transatlantic Ventures.

U.K Unlisted Holdings

at 30th November 1992

	Value (£)	Principal Activities
Kleinwort Benson Ventures	452,223	Venture partnership
+ Premium Life Assurance	397,299	Life assurance
Aberdeen Petroleum	151,684	Oil and gas exploration and production
Porton International	56,669	Biotechnology research
3 smaller unlisted investments	16,832	
	£1,074,707	0·72% of Total Invested Funds

The above unlisted investments include Fixed Interest Investments of £[illegible]

+ Includes Convertible Loan Notes value £[illegible]

North America Unlisted Holdings

at 30th November 1992

	Value (£)	Principal Activities
Transatlantic Ventures	397,277	Venture capital fund
Othex Corporation	366,823	Manufacturer of surgical instruments
ABS Ventures	137,977	Health care and technology venture fund
WTX	122,416	Cellular telecommunications
6 smaller companies	126,356	
	£1,150,849	0·78% of Total Invested Funds

The above unlisted investments include Fixed Interest Investments of £[illegible]

Fixed Interest (excluding unlisted)

at 30th November 1992

	Value (£)	Description
Sterling denominated		
Halifax Building Society FRNs	2,624,765	
Dutch Government [illegible] Stock	1,205,780	
Paterson Zochonis Preference Shares	180,000	
Kenshaw Preference Shares	10,000	
	3,920,545	2·65% of Total Invested Funds
Long Term Borrowings:-		
Stepped Rate Interest Loan	16,930,724	
Excess of borrowings over fixed interest investments	£13,010,179	

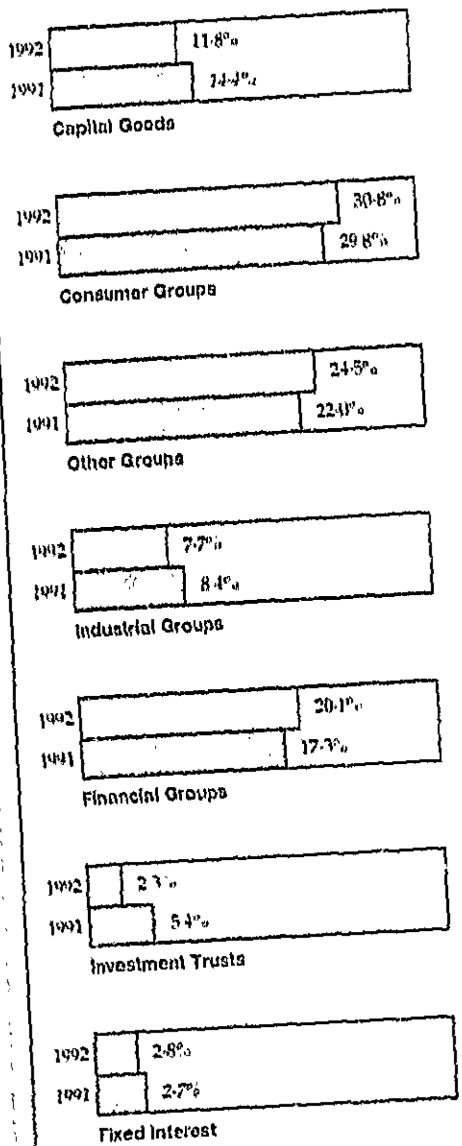
Distribution of Invested Funds

at 30th November 1992

Invested Funds – £148,180,002 (1991 – £125,012,435)

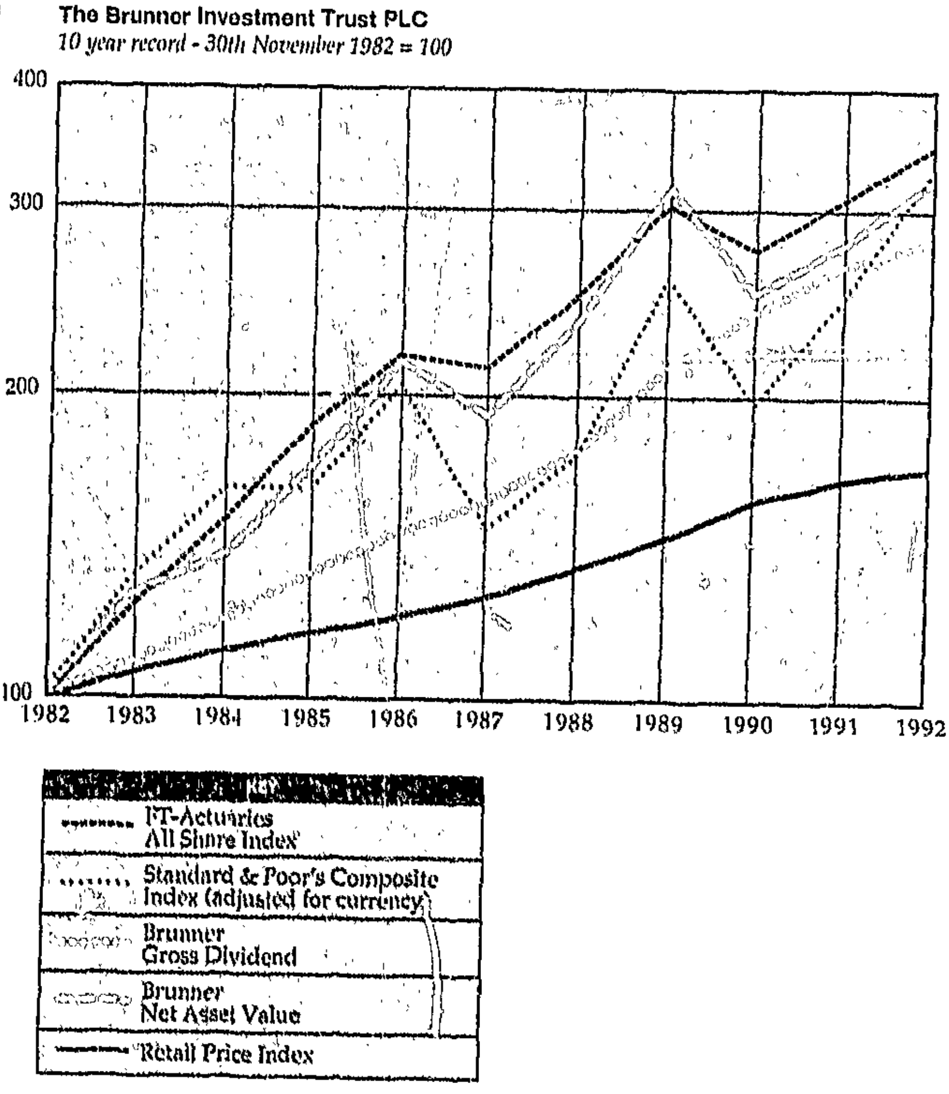
Equities (including convertibles)	U.K.	North America	Other countries	1992 Total	1991 Total
	Percentage of Valuation				
Capital Goods					
Building Materials	1·2	—	0·3	1·5	2·6
Contracting, Construction	—	—	0·2	0·2	0·3
Electricals	0·5	1·0	—	1·5	0·6
Electronics	—	1·1	1·0	2·1	2·2
Engineering – Aerospace	0·4	—	—	0·4	1·1
Engineering – General	0·5	0·2	1·1	1·8	3·4
Motors	—	—	0·2	0·2	0·3
Other Industrial Materials	4·0	—	0·1	4·1	3·9
	6·6	2·3	2·9	11·8	14·4
Consumer Groups					
Brewers and Distillers	3·5	—	0·5	4·0	4·1
Food Manufacturing	2·8	0·7	0·9	4·4	5·1
Food Retailing	1·8	—	—	1·8	2·3
Health and Household	4·6	0·7	0·5	5·8	6·1
Hotels & Leisure	0·7	0·3	—	1·0	1·1
Media	2·0	0·7	0·1	2·8	2·4
Packaging, Paper & Printing	2·4	0·4	0·7	3·5	2·5
Stores	3·2	1·6	1·4	6·2	4·7
Textiles	1·0	—	0·3	1·3	1·5
	22·0	4·4	4·4	30·8	29·8
Other Groups					
Business Services	1·0	0·2	0·3	1·5	1·2
Chemicals	0·9	0·7	1·5	3·1	3·1
Conglomerates	1·4	—	0·9	2·3	2·4
Transport	1·3	0·5	0·3	2·1	3·3
Electricity	1·0	—	—	1·0	1·0
Telephone Networks	4·3	0·8	2·2	7·3	6·3
Water	1·4	—	0·6	2·0	1·1
Miscellaneous	1·1	0·7	3·4	5·2	3·6
	12·4	2·9	9·2	24·5	22·0
Industrial Groups					
Oil and Gas	4·8	2·3	0·6	7·7	8·4
	4·8	2·3	0·6	7·7	8·4
Financial Groups					
Banks	3·6	0·5	4·4	8·5	6·5
Insurance (Life)	1·8	—	—	1·8	1·8
Insurance (Composite)	1·4	0·5	0·7	2·6	1·2
Insurance (Brokers)	0·6	—	—	0·6	0·7
Merchant Banks	0·4	—	—	0·4	—
Property	1·3	—	1·6	2·9	3·4
Other Financial	0·4	1·1	1·8	3·3	3·7
	9·5	2·1	8·5	20·1	17·3
Investment Trusts	0·9	0·8	0·6	2·3	5·4
Total Equities	56·2	14·8	26·2	97·2	97·3
Fixed Interest					
Government Securities	—	—	0·8	0·8	2·5
Bonds and Debentures	1·7	0·2	—	1·9	0·1
Preference	0·1	—	—	0·1	0·1
Totals	58·0	15·0	27·0	100·0	100·0

The above groupings are based on the FT-Actuaries Share Indices



PERFORMANCE GRAPH

at 30th November 1992



To the Members of The Brunner Investment Trust PLC

We have audited the Financial Statements on pages 20 to 28 in accordance with Auditing Standards.

In our opinion, the Financial Statements give a true and fair view of the state of the Company's affairs at 30th November 1992 and of its revenue and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16th February 1993

BDO Binder Hamlyn
London
Chartered Accountants
Registered Auditor

REVENUE ACCOUNT

for the year ended 30th November 1992

	1992 (£)	1992 (£)	1991 (£)
Income from Fixed Asset Investments			
Franked income from:			
Listed Investments	4,067,377		3,976,248
Unlisted Investments	148,433		80,221
		4,215,810	4,056,469
Unfranked income from: (Note 1)			
Listed Investments	1,986,697		2,018,033
Unlisted Investments	67,891		80,181
		2,054,588	2,098,214
		6,270,398	6,154,683
Other Income			
Deposit Interest	346,191		395,212
Underwriting Commission	61,832		169,383
		408,023	564,595
Gross Revenue		6,678,421	6,719,278
Expenses of Administration *(Note 2)*	642,264		627,244
Interest Payable *(Note 3)*	1,275,108		1,238,055
		1,917,372	1,865,299
Revenue before Taxation		4,761,049	4,853,979
Taxation *(Note 4)*		1,271,205	1,341,782
Revenue after Taxation		3,489,844	3,512,197
Dividends on Preference Stock *(Note 10)*		15,750	15,750
Revenue earned for Ordinary Shares *(Note 5)*		3,474,094	3,496,447
Dividends on Ordinary Shares of 25p			
Interim 2·35p paid 14th September 1992	1,504,000		1,408,000
Final 2·65p proposed	1,696,000		1,632,000
(1991 – total 4·75p)		3,200,000	3,040,000
Undistributed Revenue		274,094	456,447
Revenue Reserve balance brought forward		2,459,640	2,003,193
Revenue Reserve balance carried forward *(Note 11)*		£2,733,734	£2,459,640
Earnings per Ordinary Share *(Note 5)*		5·43p	5·46p

The Notes on pages 22 to 27 form part of these Accounts

BALANCE SHEET

at 30th November 1992

	1992 (£)	1992 (£)	1991 (£)
Fixed Assets			
Investments *(Notes 7, 8)*		148,180,002	125,012,435
Current Assets			
Debtors *(Note 9)*	2,192,704		925,709
Cash at bank and in hand *(Note 9)*	1,176,212		5,608,014
	3,368,916		6,533,723
Creditors			
Amounts falling due within one year *(Note 9)*	(4,444,635)		(2,713,358)
Net Current (Liabilities)/Assets		(1,075,719)	3,820,365
		147,104,283	128,832,800
Creditors			
Amounts falling due after more than one year *(Note 9)*		(16,930,724)	(16,546,889)
Total Net Assets		£130,173,559	£112,285,911
Capital and Reserves			
Called up share capital:			
Ordinary *(Note 10)*		16,000,000	16,000,000
Preference *(Note 10)*		450,000	450,000
Revenue Reserve *(Note 11)*		2,733,734	2,459,640
Capital Reserves:			
Realised appreciation on investments *(Note 12)*	81,643,906		79,857,882
Unrealised appreciation on investments *(Note 12)*	29,345,919		13,518,389
		110,989,825	93,376,271
		£130,173,559	£112,285,911

Approved by the Board of Directors on 16th February 1993
and signed on its behalf by:—

TBH BRUNNER } *Directors* T.B.H. Brunner
JFH TROTT } J.F.H. Trott

The Notes on pages 22 to 27 form part of these Accounts

STATEMENT OF ACCOUNTING POLICIES

(i)

The accounts have been prepare.. in accordance with applicable accounting standards.

(ii)

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. Deposit interest receivable and loan interest payable are accounted for on an accruals basis.

(iii)

Investments are included in the Balance Sheet at valuation (see note 7) and a capital reserve established to reflect differences between value and cost. All other items are dealt with on an historical cost basis.

(iv)

Net surpluses or deficits arising on realisations of investments are taken to Capital Reserves.

(v)

Transactions in foreign currency, whether of a revenue or capital nature, are translated into sterling at the rates of exchange ruling on the dates of such transactions. Revenue items accrued and other foreign currency assets and liabilities at the balance sheet date are translated to sterling at the rates of exchange ruling on that date. Any profits or losses on foreign currency held, whether realised or unrealised, are taken direct to Capital Reserves.

(vi)

Provision for the premium payable in 2018 on repayment of the Stepped Rate Interest Loan is to be made during the 10 years ending 2 January 1998 by annual charges to Capital Reserves of such amounts as when aggregated with the annual interest payable will result in annual charges to shareholders' funds equal to the gross redemption yield cost of the borrowing.

(vii)

No provision is made for advance corporation tax on dividends proposed to the extent that it is anticipated that such advance corporation tax will be offset by future tax credits on franked investment income.

(viii)

Deferred taxation is provided for on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that the tax benefit will accrue.

NOTES TO THE ACCOUNTS

for the year ended 30 November 1992

1. Unfranked Income from Fixed Asset Investments

	1992 (£)	1991 (£)
Interest from UK fixed income stocks	82,902	914,441
Interest from overseas fixed income securities	465,411	33,899
Dividends from overseas equity securities	1,506,275	1,149,874
	£2,054,588	£2,098,214

2. Expenses of Administration

	1992 (£)	1991 (£)
Investment management fee	555,317	534,256
Banks' safekeeping and other charges	26,396	20,470
Directors' fees	24,674	28,284
Auditors' remuneration	6,700	6,521
Other administrative expenses	62,380	59,177
VAT recovered	(33,203)	(21,464)
	£642,264	£627,244

Directors each received remuneration of £5,200 per annum (1991 – £5,100). The Chairman received remuneration of £7,625 *(1991 – £7,500)*

3. Interest Payable

	1992 (£)	1991 (£)
On sterling borrowing	8	—
On Stepped Rate Interest Loan repayable after more than five years	1,275,100	1,238,055
	£1,275,108	£1,238,055

4. Taxation

	1992 (£)	1991 (£)
Corporation tax on unfranked income	164,403	245,491
Less: Double taxation relief	(98,421)	(105,343)
	65,982	140,148
Deferred taxation	15,527	19,567
Overseas taxation	153,662	105,343
Tax credits on franked investment income	1,053,953	1,014,117
(Under)/over provision of tax for previous year	(17,919)	62,607
	£1,271,205	£1,341,782

Corporation tax has been calculated at the rate of 33% *(1991 – 33·3%)*. Tax credits have been calculated at 25% *(1991 – 25%)*.

Provision has not been made for advance corporation tax on the proposed final dividend amounting to £565,333 *(1991 – £544,000)* as in the opinion of the Directors such tax will be fully relieved.

Dividends payable by the Company carry a tax credit at the basic rate of income tax ruling at the time of payment.

5. Earnings

The calculation of earnings per share is based on net earnings of £3 47[illegible],094 *(1991 – £3,496,447)* and 64,000,000 Ordinary Shares of 25p in issue.

6. Contingent Liabilities and Guarantees

At 30th November 1992 there were outstanding contingent liabilities of £2,081,445 *(1991 – £1,861,877)* in respect of underwriting commitments and calls on partly paid investments

The Company has guaranteed the repayment of £18,203,040 Severally Guaranteed Debenture Stock 2018, issued by First Debenture Finance PLC (FDF), and has guaranteed Leeds Permanent Building Society in respect of an indemnity given by FDF as part of the terms of the Stepped Rate Interest Loan.

7. Fixed Asset Investments

For valuation purposes investments listed in the United Kingdom have been valued at middle market prices. Those listed abroad have been valued at closing or middle market prices as available. Unlisted investments are as valued by the Directors based upon latest dealing prices, stockbrokers' valuations, net asset values, earnings and other known accounting information.

	1992 (£)	1991 (£)
Listed at Market Valuation on recognised Stock Exchanges		
United Kingdom	84,788,853	77,332,449
Abroad	61,165,593	42,891,053
	145,954,446	120,223,502
Unlisted at Directors' Valuation		
United Kingdom	1,074,705	2,525,461
Abroad	1,150,849	2,263,470
	2,225,554	4,788,931
Subsidiary at Directors' Valuation	2	2
	2,225,556	4,788,933
Total Fixed Asset Investments	£148,180,002	£125,012,435
Market value of investments held at 1st December 1991	125,012,435	115,374,976
Unrealised net appreciation at 1st December 1991	(13,518,389)	(3,922,191)
Cost of investments held at 1st December 1991	111,494,046	111,452,785
Additions at cost	47,332,001	40,615,968
Disposals at cost	(39,991,964)	(40,574,707)
Cost of investments held at 30th November 1992	118,834,083	111,494,046
Unrealised net appreciation at 30th November 1992	29,345,919	13,518,389
Market value of investments held at 30th November 1992	£148,180,002	£125,012,435

8. Investment in Subsidiary

BIT Futures Limited, a commodity futures trader, is a wholly owned subsidiary registered in England with shareholders' funds of £306,090 financing an interest free loan to the Company.

In the opinion of the Directors it would be of no real value to the members of the Company to produce group accounts in view of the insignificant amounts involved in respect of the above subsidiary.

The Company has valued its investment in BIT Futures Limited at cost *(Note 7)*.

9. Current Assets and Creditors

	1992 (£)	1991 (£)
Debtors—		
Sales for future settlement	1,803,397	597,677
Other debtors	191,241	85,566
Taxation recoverable	73,853	87,159
Deferred taxation	124,213	155,307
	£2,192,704	£925,709
Cash at bank and in hand—		
Sterling bank balances		
Current account	146,212	148,014
Deposit account	1,030,000	5,460,000
	£1,176,212	£5,608,014
Creditors: amounts falling due within one year—		
Purchases for future settlement	1,299,415	411,759
Other creditors	1,135,255	661,724
Interest free loan from subsidiary *(Note 8)*	306,090	—
Dividend on Preference Stock	7,875	7,875
Dividend on Ordinary Shares	1,696,000	1,632,000
	£4,444,635	£2,713,358
Creditors: amounts falling due after more than one year—		
Stepped Rate Interest Loan	£16,930,724	£16,546,889

The Stepped Rate Interest Loan comprises adjustable stepped rate interest loan notes of £2,977,442 and stepped rate interest bonds of £11,909,766 issued at 97·4 per cent. and repayable in 2018 at a premium of £3,315,832. Before adjustment, the aggregate interest payable on these notes and bonds increases by 5.0 per cent. per annum compound to a maximum of 13.6 per cent. payable in 1998 and for the remainder of their term. In the current year, the interest on the notes was adjusted downwards pursuant to their terms.

10. Share Capital

	1992 (£)	1991 (£)
Authorised		
450,000 5% (3.5% plus tax credit)		
Cumulative Preference Stock Units of £1	450,000	450,000
66,200,000 Ordinary Shares of 25p	16,550,000	16,550,000
	£17,000,000	£17,000,000
Allotted and fully paid		
450,000 5% (3.5% plus tax credit)		
Cumulative Preference Stock Units of £1	450,000	450,000
64,000,000 Ordinary Shares of 25p	16,000,000	16,000,000
	£16,450,000	£16,450,000

Dividends on the Preference Stock are payable half-yearly on 30th June and 31st December.

The Directors are authorised by ordinary resolution passed on 11th March 1988 to allot relevant securities, in accordance with Section 80 of the Companies Act 1985, up to a maximum of 2,200,000 Ordinary Shares of 25p each. It is proposed that this authority be renewed at the forthcoming Annual General Meeting.

11. Revenue Reserve

	1992 (£)	1991 (£)
Balance brought forward	2,459,640	2,003,193
Undistributed Revenue	274,094	456,447
Balance at 30th November	£2,733,734	£2,459,640

12. Capital Reserves

	1992 (£)	1992 (£)	1991 (£)
Realised appreciation on investments—			
Balance brought forward		79,857,882	78,601,257
Net surplus on realisation of investments			
Listed investments	2,777,436		1,995,312
Unlisted investments	(518,183)		(315,331)
		2,259,253	1,679,981
Exchange rate differences on foreign currency		(89,393)	(13,666)
Provision for premium repayable on Stepped Rate Interest Loan 2nd January 2018		(383,836)	(409,690)
Balance at 30th November		81,643,906	79,857,882
Unrealised appreciation on investments—			
Invested Funds at 30th November—			
Listed at valuation	145,954,446		120,223,502
At cost (less amounts written off)	(113,008,735)		(102,883,268)
		32,954,711	17,340,234
Unlisted at valuation	2,225,556		4,788,933
At cost (less amounts written off)	(5,825,348)		(8,610,778)
		(3,599,792)	(3,821,845)
Balance at 30th November		29,345,919	13,518,389
Total Capital Reserves at 30th November		£110,989,825	£93,376,271

CASH FLOW STATEMENT

for the year ended 30th November 1992

	1992 (£)	1992 (£)	1991 (£)
Net cash inflow from operating activities *(Note 1)*		5,342,840	5,106,910
Returns on investments and servicing of finance			
Dividends paid	(3,151,750)		(2,895,750)
Interest paid	(1,267,888)		(1,296,833)
Net cash outflow from returns on investments and servicing of finance		(4,419,638)	(4,192,583)
Taxation			
UK Income tax repaid	52,166		—
UK Corporation tax paid	—		(101,859)
UK Income tax suffered (net)	(48,251)		(225,643)
Overseas tax suffered	(153,662)		(105,343)
Total tax paid		(149,747)	(432,845)
Investing activities			
Payments to acquire fixed asset investments	(46,444,345)		(42,418,923)
Receipts on disposal of fixed asset investments	41,239,088		46,702,864
Net cash (outflow) inflow from investing activities		(5,205,257)	4,283,941
(Decrease) Increase in cash and cash equivalents *(Note 2)*		(£4,431,802)	£4,765,423

Notes to the cash flow statement

1. Reconciliation of revenue before taxation to net cash inflow from operating activities

	1992 (£)	1991 (£)
Revenue before taxation and interest	6,036,157	6,092,034
Less: Tax credits on franked investment income	(1,053,953)	(1,014,117)
	4,982,204	5,077,917
(Increase) in debtors	(105,675)	(11,216)
Increase (Decrease) in creditors	466,311	40,209
Net cash inflow from operating activities	£5,342,840	£5,106,910

2. Analysis of changes in cash and cash equivalents

	1992 (£)	1991 (£)
Cash at bank and in hand at 1st December 1991	5,608,014	842,591
Net cash (outflow) inflow	(4,431,802)	4,765,423
Cash at bank and in hand at 30th November 1992	£1,176,212	£5,608,014

Status
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 30th November 1991. Such approval is expected to be granted for the accounting year now under review. The Company is not a close company. The Company is an Investment Company within the meaning of Part VIII of the Companies Act 1985.

Share Capital
There were no changes in the share capital during the year.

Invested Funds
Sales of investments during the year resulted in net gains of £2,259,253 (1991 – £1,679,981). Provisions contained in the Finance Act 1980 exempt approved Investment Trusts from corporation tax on their chargeable gains. Invested funds at 30th November 1992 had a value of £148,180,002 before deducting net liabilities of £18,006,443 (1991 – £125,012,435 and £12,726,524).

Net Asset Value
The net asset value of the Ordinary Shares of 25p at the year end, after deducting the provision for final dividend and the prior charge capital at redemption value, was 202·7p as compared with a value of 174·7p at 30th November 1991

Donations and Subscriptions
There were no donations or subscriptions made during the year.

Historical Record
There is included in the Investment Managers' Review a schedule of the thirty largest equity interests. The current distribution of invested funds is shown on page 17, and the historical record of the Company's revenue, capital and invested funds over the past ten years is shown on page 4. A graph is included on page 18 showing the performance over the past ten years of the net asset value of the Company's ordinary shares against the FT-Actuaries All-Share Index and also the growth in distributions made by the Company, together with the Retail Price Index over the same period.

Personal Equity Plan
Since 6th April 1992, the affairs of the Company have been conducted in such a way as to meet the 50% EC equity content requirement of a qualifying investment trust for Personal Equity Plans and it is the intention to continue to meet this requirement.

Business Review
A review of the Company's activities is given in the Chairman's Statement on pages 2 and 3 and in the Investment Managers' Review on pages 6 to 16.

Investment Revenue	£	£
Gross income for the year amounted to		6,678,421
from which had to be deducted –		
Management and administration expenses	642,264	
Interest payable	1,275,108	1,917,372
leaving an amount subject to taxation of		4,761,049
Taxation absorbed		1,271,205
and there remained a balance available of		3,489,844
from which has been deducted the Dividend on £450,000 Preference Stock		15,750
leaving available for distribution to the Ordinary Shareholders		3,474,094

Dividends

Provision has been made in the Accounts for dividends on 64,000,000 Ordinary Shares of 25p as follows:		
Interim 2·35p per share paid 14th September 1992	1,504,000	
Final 2·65p per share proposed	1,696,000	3,200,000
thus leaving to be added to Revenue Reserve		£274,094

Subject to the final dividend being approved, payment will be made on 8th April 1993 to Shareholders on the Register of Members at the close of business on 5th March 1993 at the rate of 2·65p per share carrying (subject to any changes in the Finance Act 1993) a tax credit of 0·85p per share which, together with the interim dividend paid, is equivalent to 26·7 per cent. gross compared with 25·3 per cent. paid last year.

Substantial Shareholdings

The Company has been advised of the following holdings in excess of 3 per cent. of the ordinary capital—C. E. Wilkinson (as trustee 10·5%); H. L. J. Brunner (beneficial 5·9%—as trustee 5·2%); T. B. H. Brunner (beneficial 1·3%—as trustee 5·8%); Rockleigh Corporation plc (beneficial 10·9%); Sun Life Corporation plc (beneficial 10·9%); J. H. K. Brunner (beneficial 5·4%—as trustee 5·6%); The Equitable Life Assurance Society (15·2%); Prudential Corporation (5·0%); AMP Group (3·2%); T. Thornton Jones (as trustee 3·3%).

Mr. C. E. Wilkinson acts as a co-trustee with Mr. T. B. H. Brunner in respect of 2,722,699 ordinary shares (4·2%) which form part of Mr. T. B. H. Brunner's trustee holding. Mr. C.E. Wilkinson also acts as co-trustee with Mr. H. L. J. Brunner in respect of 4,026,219 ordinary shares (6·3%) which form part of Mr. H. L J. Brunner's beneficial and trustee holdings.

Directors and Management

The Director retiring by rotation is Mr. T. B. H. Brunner who being eligible, offers himself for re-election. Mr. R. N. Young retired from the Board on 13th March 1992. Mr. S. R. T. White was appointed Alternate Director to Mr. B. C. R. Siddons on 20th December 1991. The present Board and their interests in the share capital of the Company as at 30th November are listed below—

Ordinary Shares of 25p	1992		1991	
	Beneficial	As Trustee	Beneficial	As Trustee
T. B. H. Brunner	801,986	3,738,699	801,986	3,738,699
J. F. H. Trott	21,176	—	17,000	8,000
H. L. J. Brunner	3,814,095	3,302,358	3,794,195	2,673,784
B. C. R. Siddons	4,000	—	4,000	—

Mr. T. B. H. Brunner and Mr. H. L. J. Brunner have beneficial interests in £1,150 and £6,400 5 per cent. Preference Stock respectively and Mr. T. B. H. Brunner and Mr. H. L. J. Brunner each have a trustee interest in £1,150 5 per cent. Preference Stock.

No changes to the above holdings had been reported up to 16th February 1993.

No contracts of significance in which Directors are deemed to have been interested have subsisted during the year under review.

Mr. J. F. H. Trott was formerly a director within the Kleinwort Benson Group. Mr. B. C. R. Siddons is a Director of Kleinwort Benson Investment Management Limited which provides all investment management and administrative services through Kleinwort Benson Investment Management Limited. The management contract, terminable at twelve months notice, provides for a management fee based on 0·35% per annum of the value of the assets after deduction of current liabilities, short-term loans under one year and unit funds managed by Kleinwort Benson Investment Management Limited and investments introduced by Kleinwort Benson Development Capital Limited. The latter are subject to an initial fee of 2.0%.

Special Business

There are a number of items of special business in the Notice of Annual General Meeting on pages 32 to 34 of this document. Details of these are given in the Chairman's letter to ordinary shareholders and preference stockholders dated 23rd February 1993 which accompanies the report and accounts.

Auditors

In accordance with the Companies Act 1985 a resolution to re-appoint the Auditors—BDO Binder Hamlyn—will be proposed at the Annual General Meeting, together with a resolution authorising the Directors to fix their remuneration.

By Order of the Board
L. M. Frost
P. L. Longcroft
Joint Secretaries

16th February 1993

NOTICE OF MEETING

Notice is hereby given that the Sixty Fifth Annual General Meeting of The Brunner Investment Trust PLC will be held at 10 Fenchurch Street, London, E.C.3, on Friday, 19th March 1993 at 12.45 p.m. to transact the following business—

Ordinary Business

1 To receive and adopt the Report of the Directors and the Accounts for the year ended 30th November 1992 with the Auditors' Report thereon.
2 To declare a final dividend.
3 To re-elect a Director.
4 To re-appoint the Auditors and authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions of which No 5 will be proposed as an ordinary resolution and Nos 6 and 7 as special resolutions

5 That the Directors are generally and unconditionally authorised to allot relevant securities (which expression shall in this resolution be construed in accordance with Section 80 of the Companies Act 1985) to a maximum of 2,200,000 shares of 25p each. This authority shall expire five years from the date upon which the Resolution is passed but may be previously revoked or varied by the Company in General Meeting and may be renewed by the Company in General Meeting for a further period not exceeding five years. The Company may make any offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement.

6 That any securities of the Company may be converted into uncertificated form and, where units of a security (existing or future) are at any time to be issued by the Company, they may be issued in such form rather than certificated form, should the Directors of the Company think fit;

7 (A) That the Articles of Association of the Company be amended by inserting immediately after Article 5 the following new heading and Article, to be numbered 5A:-

"MEETINGS OTHER THAN FOR VARIATION OF RIGHTS.

5A The provisions of these Articles relating to General Meetings of the Company shall apply, with necessary modifications, to any meeting of the holders of shares of a class as defined in the notice of meeting (for which purpose a class may exclude shares registered on a branch register) held otherwise than in connection with the variation or abrogation of the rights attached to shares of the class (or some of them), and notice convening any such meeting to be held after the meeting at which this Article is adopted which is given before but in anticipation of the adoption of this Article shall be as effective as if this Article had been in force when the notice was given."; and

(B) That the Articles of Association of the Company be further amended by the addition of the following new heading and Article:-

"UNCERTIFICATED SHARES.

146 (A) In this Article "the Regulations" shall mean The Uncertificated Securities Regulations 1992 and shall include (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or under any such enactment or subordinate legislation for the time being in force; and words and expressions defined in the Regulations shall have the same meanings when used in this Article.

(B) If and for so long as any class of shares in the Company is uncertificated then in relation to shares of that class ("Uncertificated Shares") the foregoing provisions of these Articles shall have effect subject to the following modifications:-

(i) Article 13 shall be deemed to be replaced by the following:

"13 The Directors may at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder thereof permit the transfer of any interest therein upon the terms of and subject to the Regulations and/or such other terms and conditions (not being inconsistent with the Regulations) as the Directors may think fit to impose.";

(ii) Articles 15 to 34 (Share Certificates, Calls on Shares and Forfeiture and Lien) shall not apply;

(iii) Article 35 shall be deemed to be replaced by the following:

"35 All transfers of shares shall be effected in the manner prescribed by the Regulations. The Directors may refuse to act upon an instruction to update or otherwise amend the Register of Members where this would require the registration of more than four people jointly as holders of the same share(s) and, if they do so shall send notice of the refusal to the controller who issued the instruction as soon as reasonably practicable.";

(iv) Articles 36, 37, 38 and 39 (relating to transfers of shares and closure of the register) shall not apply and in Article 110 (relating to branch registers) the words "or the Regulations" shall be deemed to be inserted after the words "by the Statutes";

(v) Other provisions of these Articles which refer to share certificates, calls on shares, forfeiture or lien shall not apply;

(vi) Article 41 (relating to destruction of documents) shall have effect subject to the requirements of paragraph 1(2) of Schedule 2 to the Regulations to the extent applicable;

(vii) Article 42 shall be deemed to be replaced by the following:

"42 In the case of the death of a member or other transmission of shares by operation of law, the shares registered in his name shall be dealt with in accordance with the Regulations.";

(viii) Article 43 (relating to election by persons entitled by transmission) shall be deemed to be deleted;

(ix) in Article 129 the words "subject to the Regulations" shall be deemed to be inserted before the words "to such person and such address as such member or person or persons may by writing direct";

(x) any provision of these Articles enabling the Company to appoint a person to execute an instrument of transfer shall be construed as enabling the Company to give, or to appoint some other person to give, to the controller holding entitlement to the share such instructions as may be requisite for the disposal of the share in accordance with the relevant provision; and

(xi) references in these Articles to members or to persons entitled to:-

(a) attend and/or vote at or exercise other rights in relation to shareholders' meetings; or
(b) receive dividends or other distributions or benefits; or
(c) receive notices or other documents; or
(d) shares following subdivision or consolidation of the shares previously held by them;

shall be construed as references to the persons so entitled by reference to the Register of Members updated in relation to that matter as required by Regulation 43 (and to no other persons), and accordingly (i) persons whose names are entered on the Register of Members only after such updating shall not be considered as members, or as persons so entitled, for such purposes and (ii) Articles 131 and 132 shall be construed accordingly."

By Order of the Board
L. M. Frost
P. L. Longcroft
Joint Secretaries

Leonora M. Frost.

10 Fenchurch Street,
London EC3M 3LB
23rd February 1993

Notes: A Member entitled to attend and vote at this meeting may appoint one or more proxies to attend and, on a poll, vote in his stead. The proxy need not be a member of the Company. Proxies must reach the office of the Registrars at least forty-eight hours before the Meeting.
A form of proxy is provided with the Annual Report. Completion of the form of Proxy will not prevent a Member from attending the Meeting and voting in person.

Contracts of service are not entered into with the Directors, who hold office in accordance with the Articles of Association.

The amended Articles of Association are available for inspection until 19th March 1993 at the Registered Office of the Company, 10 Fenchurch Street, London EC3M 3LB and will also be available on the day of the Annual General Meeting from 12.30 p.m. until the conclusion of the meeting.