2732011

Foreign & Colonial PEP Investment Trust PLC

Unaudited Revenue Account

Notes		6 months to 31 March 1997 £'000s	Year ended 30 September 1996 (restated) £'000s
2	Dividends and interest on investments		
	Franked	**1,292**	3,285
	Unfranked	**165**	456
		1,457	3,741
	Interest on loans and deposits	**70**	108
		1,527	3,849
	Underwriting commission	**2**	28
	Total revenue	**1,529**	3,877
	Interest payable and similar charges	-	-
	Net revenue after interest payable	**1,529**	3,877
3	Management fee	**197**	362
4	Other expenses	**74**	124
	Net revenue on ordinary activities before taxation	**1,258**	3,391
5	Taxation	**259**	678
6	**Net revenue attributable to ordinary shareholders**	**999**	2,713
6	Dividends on ordinary shares (equity)		
	Interim of 1.75 p (1996 - 1.65 p)	**1,033**	971
	(1996 - final of 2.50p)	-	1,476
	Amount transferred (from) / to reserve	**(34)**	266
	Revenue reserve brought forward	**1,143**	877
	Revenue reserve carried forward	**1,109**	1,143
6	**Earnings per ordinary share**	**1.69** p	4.67 p

Unaudited Statement of Total Recognised Gains and Losses

	6 months to 31 March 1997 £'000s	Year ended 30 September 1996 (restated) £'000s
Capital surplus on investing activities		
Realised gains and losses	**1,274**	4,295
Unrealised gains and losses	**4,146**	2,528
Exchange gains and losses	**(17)**	(2)
Other capital charges and credits	**(9)**	4
Capital surplus for the period	**5,394**	6,825
Net revenue attributable to ordinary shareholders	**999**	2,713
Total recognised gains and losses for the period	**6,393**	9,538
Revenue profits		
Net revenue attributable to ordinary shareholders	**999**	2,713
Dividends on ordinary shares	**1,033**	2,447
Transfer (from) / to revenue reserve	**(34)**	266
Transfer to capital reserve	**5,394**	6,825
	5,360	7,091

All activities are continuing

Unaudited Balance Sheet

Notes			31 March 1997		30 September 1996 (restated)
		£'000s	**£'000s**	£'000s	£'000s
	Fixed assets				
7	**Investments**				
	Listed in Great Britain	**81,655**		74,636	
	Listed outside Great Britain	**7,773**		7,399	
			89,428		82,035
	Current assets				
8	Debtors	**780**		1,511	
9	Taxation recoverable	**293**		433	
	Short-term deposits	**-**		2,000	
	Cash at bank	**808**		457	
		1,881		4,401	
	Current liabilities				
10	Creditors : amounts falling due within one year	**1,508**		1,995	
	Net current assets		**373**		2,406
11	**Total assets less current liabilities**		**89,801**		84,441
	Capital and reserves				
12	Called up share capital		**14,757**		14,757
	Reserves				
13	Share premium		**50,394**		50,394
14	Capital reserve		**23,541**		18,147
15	Revenue reserve		**1,109**		1,143
	Total shareholders' funds		**89,801**		84,441
16	**Net asset value per ordinary share**		**152.13 p**		143.05 p

Approved by the Board on 14 May 1997

Graham Ross Russell
Chairman

M.J. Hart
Director

Unaudited Cash Flow Statement

Notes		£'000s	Half-year to 31 March 1997 £'000s	£'000s	Year ended 30 September 1996 (restated) £'000s
	Operating activities				
	Investment income received	1,441		2,888	
	Interest received	76		122	
	Underwriting commission	14		14	
	Investment management fees paid	(192)		(309)	
	Cash paid to and on behalf of directors	(16)		(23)	
	Other payments	(66)		(130)	
19	**Net cash inflow from operating activities**		1,257		2,562
	Taxation				
	UK tax recovered /(paid)	30		(19)	
	Overseas tax recovered /(paid)	(5)		(32)	
	Total tax recovered/ (paid)		25		(51)
	Investing activities				
	Purchases of equities and other investments	(8,521)		(24,568)	
	Sales of equities and other investments	7,087		19,562	
	Sales of fixed interest securities	-		2,648	
	Other capital charges and credits	(4)		(11)	
			(1,438)		(2,369)
	Equity dividends paid		(1,476)		(2,324)
	Net cash inflow / (outflow) before financing		(1,632)		(2,182)
	Financing				
	Shares issued net of expenses		-		3,064
20	**(Decrease) / increase in cash**		(1,632)		882

Notes on Accounts

1 Accounting policies

The accounts have been prepared on the historical cost basis of accounting, modified to include fixed asset investments at valuation and have been prepared in accordance with standards applicable in the United Kingdom. Where necessary, the Company has changed its accounting policies to comply with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'.
The comparative figures for the prior year have beeen restated to reflect the changes (see note 18).
As an investment trust the Company treats all transactions on the realisation and revaluation of investments held as fixed assets as transactions on capital account. These items, whether profits or losses, are not part of and are not reflected in the revenue account of the period but are credited or charged to capital reserves.
Listed investments are shown at middle-market value.
Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at rates of exchange ruling at the dates of those transactions.
Income from quoted equity shares is brought into account on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.
Franked investment income includes the imputed tax credit relating to dividends receivable and this tax has been written off within the taxation charge.
Foreign income dividends are included in the revenue account without the related notional income tax credit.
Enhanced scrip dividends are included in the revenue account at an amount equivalent to the cash dividend foregone.
Deferred tax is provided on any material timing differences expected to crystallise in the foreseeable future.
All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except those expenses incidental to the acquisition or disposal of investments, which are charged through capital reserves.
Finance costs are accounted for on an accruals basis and are charged through the revenue account.

2 Dividends and interest on investments

	Franked £'000s	**Un - franked £'000s**	**6 months to 31 March 1997 Total £'000s**	Franked £'000s	Un- franked £'000s	Year ended 30 September 1996 (restated) Total £'000s
Dividends						
Listed investments	**1,292**	**165**	**1,457**	3,285	373	3,658
Interest						
Listed investments	-	-	-	-	83	83
	1,292	**165**	**1,457**	3,285	456	3,741

All income arises from listed investments
Unfranked dividend income from listed investments includes £146,000 (September 1996 - £95,000) in respect of foreign income dividends.

Notes on Accounts

3 Management fee

	6 months to 31 March 1997 £'000s	Year ended 30 September 1996 £'000s
Management fee	174	319
Ireecoverable VAT thereon	23	43
	197	362

Management fees are payable quarterly in arrears based on 0.1% of the funds under management

4 Other expenses

Under the arrangements for the Company's management and administration the Company does not employ any staff.

	6 months to 31 March 1997 £'000s	Year ended 30 September 1996 £'000s
Directors' emoluments	16	32
General expenses	51	76
Auditors' remuneration:		
for services as auditors	6	12
for non-audit services	1	4
	74	124

5 Taxation

	6 months to 31 March 1997 £'000s	Year ended 30 September 1996 (restated) £'000s
Corporation tax at 33% (1996 - 33%)	-	-
Relief for overseas tax	-	-
	-	-
Overseas tax	1	30
Imputed tax credit on franked income	258	656
Deferred tax provision no longer required	0	(8)
	259	678

6 Earnings and dividends per ordinary share

Earnings per share are calculated on the 'net' basis of earnings of £999,000 (September 1996 - £ 2,713,000 restated) and on 59,030,891 (September 1996 - weighted average of 58,073,991) ordinary shares in issue during the period. The interim dividend of 1.75p per ordinary share on 59,030,891 shares will be payable on 9 June 1997 to shareholders registered on the 2 June 1997.

7 Investments

	Valuation £'000s	Cost £'000s
Balance at 1 October 1996	82,035	72,715
Purchases	8,588	8,588
Sales	(6,615)	(5,341)
Realised gains on sale of investments	1,274	-
Increase in unrealised appreciation	4,146	-
Balance at 31 March 1997	89,428	75,962

8 Debtors	**31 March 1997 £'000s**	30 September 1996 (restated) £'000s
Investment debtors	**206**	679
Prepayments and accrued income	**574**	832
	780	1,511

9 Taxation recoverable

Taxation recoverable includes £258,000 of advance corporation tax in respect of the proposed interim dividend for the period ended 31 March 1997. In the opinion of the directors this will be recoverable against tax credits on franked investment income receivable in the year ending 30 September 1997.

10 Creditors: Amounts falling due within one year	**31 March 1997 £'000s**	30 September 1996 £'000s
Investment creditors	**67**	-
Dividends on ordinary shares	**1,033**	1,476
Advance corporation tax	**258**	369
Accruals and deferred income	**150**	150
	1,508	1,995

11 Geographical and Industrial classification : Total assets less current liabilities

Assets	UK %	Europe %	**31 March 1997 Total %**	30 September 1996 Total %
Equities and convertibles				
Basic industries	22.3	3.1	**25.4**	29.3
Services	19.6	0.7	**20.3**	18.6
Consumer goods	18.5	1.5	**20.0**	17.4
Utilities	11.2	1.1	**12.3**	11.7
Financial	12.4	1.2	**13.6**	13.4
Mineral extraction	6.9	1.1	**8.0**	7.7
Total investments	90.9	8.7	**99.6**	98.1
Net current assets	0.4	-	**0.4**	1.9
Total assets less current liabilities	91.3	8.7	**100.0**	-
September 1996 Totals	91.1	8.9	-	100.0

Notes on Accounts

12 Share capital

Equity share capital:	Authorised Number	Authorised Nominal £'000s	Issued and allotted Number	Issued and allotted Nominal £'000s
Ordinary shares of 25p each				
Balance at 1 October 1996	**100,000,000**	**25,000**	**59,030,891**	**14,757**
Shares issued during the period			-	-
Balance at 31 March 1997	**100,000,000**	**25,000**	**59,030,891**	**14,757**

13 Share premium

	31 March 1997 £'000s	30 September 1996 £'000s
Balance brought forward	**50,394**	47,872
Premium on issue of ordinary shares	-	2,529
Issue expenses	-	(7)
Balance carried forward	**50,394**	50,394

14 Capital reserve

	31 March 1997 £'000s	30 September 1996 (restated) £'000s
Balance brought forward as previously stated	**18,156**	11,322
Prior year adjustment (see note 18)	**(9)**	-
Balance brought forward as restated	**18,147**	11,322
Realised profits on sale of investments during the period	**1,274**	4,295
Exchange gains and losses	**(17)**	(2)
Capital expenses	**(9)**	4
Increase in unrealised appreciation on investments	**4,146**	2,528
Balance carried forward	**23,541**	18,147
Represented by:		
Unrealised appreciation on investments (see below)	**13,466**	9,320
Capital reserve	**10,075**	8,836
	23,541	18,156

The unrealised appreciation on investments is the difference between the valuation of investments at the end of the period and the cost of those investments .

15 Revenue reserve	31 March 1997 £'000s	30 September 1996 (restated) £'000s
Balance brought forward as previously stated	**337**	267
Prior year adjustment (see note 18)	**806**	610
Balance brought forward as restated	**1,143**	877
Amount set aside to reserve	**(34)**	266
Balance carried forward	**1,109**	1,143

16 Net asset value per ordinary share

Net asset value per share is calculated on net assets of £89,801,000 (September 1996 - £84,441,000) and on 59,030,891 shares (September 1996 - same) in issue at 31 March 1997.

17 Reconciliation of movement in ordinary shareholders' funds

	6 months to 31 March 1997 £'000s	Year ended 30 September 1996 (restated) £'000s
Net revenue after taxation	**999**	2,713
Ordinary dividends	**(1,033)**	(2,447)
	(34)	266
Capital surplus for the period	**5,394**	6,825
New share capital on issue of ordinary shares	**-**	3,064
Net addition to ordinary shareholders' funds	**5,360**	10,155
Opening ordinary shareholders' funds as previously stated	**83,644**	73,676
Prior year adjustment (see note 18)	**797**	610
Closing ordinary shareholders' funds	**89,801**	84,441

18 Effect of changes in accounting policies

Following the adoption of the Statement of Recommended Practice (SORP) Financial Statements of Investment Trust Companies, issued by the Association of Investment Trust Companies (AITC) in December 1995, the Company has changed its accounting policies to recognise dividend income on an ex-dividend basis, and interest on fixed income securities on an effective yield basis. Previously dividends and interest received from investments were credited to revenue on the due payment dates without any adjustment for amounts accrued at the dates of acquisition and disposal of the investments. The comparative figures in respect of the year ended 30 September 1996 have been restated. The principal effects of this restatement are detailed below.

The results as previously stated are as follows:

	Year ended 30 September 1996 £'000s
Net revenue attributable to ordinary shareholders	2,517
Net assets attributable to ordinary shareholders	83,644
Earnings per ordinary share	4.33
Net asset value per ordinary share	141.70

The effect of the changes in accounting policies is to increase the net revenue attributable to ordinary shareholders for the year ended 30 September 1996 by £196,000.

Notes on Accounts

(a) Effect of restatement on previously reported amounts

	Debtors £'000s	Capital reserve £'000s	Revenue reserve £'000s
30 September 1995 as previously stated	25	11,322	267
Effect of change in accounting policy:			
Franked income net of related tax credit	568	-	568
Unfranked income net of related tax effect	42	-	42
30 September 1995 restated	635	11,322	877
30 September 1996 as previously stated	714	18,156	337
Prior year adjustment	-	-	610
	714	18,156	947
Effect of change in accounting policy:			
Franked income net of related tax credit	737	-	169
Unfranked income net of related tax effect	60	(9)	27
Total SORP adjustments	797	(9)	196
30 September 1996 restated	1,511	18,147	1,143

Effect of restatement had reported amounts been stated on previous basis

	Debtors £'000s	Capital reserve £'000s	Revenue reserve £'000s
31 March 1997 in accordance with previous accounting policies	1,003	23,541	885
Franked income net of related tax credit	(305)	-	305
Unfranked income net of related tax effect	82	-	(82)
31 March 1997 in accordance with new accounting policies	780	23,541	1,109

19 Reconciliation of operating profit to net cash inflow from operating activities

	6 months to 31 March 1997 £'000s	Year ended 30 September 1996 (restated) £'000s
Net revenue on ordinary activities before taxation	**1,258**	3,391
Add back interest payable	-	-
Income before interest payable and taxation	**1,258**	3,391
Exchange gains and losses	-	(10)
Increase / (decrease) in accrued income	**338**	(227)
Enhanced scrip dividends	-	24
(Decrease) in creditors	**(3)**	(1)
Tax on franked investment income included within income from UK companies	**(336)**	(615)
Net cash inflow from operating activities	**1,257**	2,562

20 Analysis of net cash

	1 October 1996 £'000s	Cash flow £'000s	Exchange movement £'000s	31 March 1997 £'000s
Cash at bank	2,457	(1,632)	(17)	808

Directors' Statement of Responsibilities

As required by company law, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company as at 31 March 1997 and of the result for the period then ended.
In preparing the interim accounts, suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made. The interim accounts are prepared in accordance with applicable accounting standards and on a going concern basis.
The Directors are also responsible for ensuring that adequate accounting records are maintained and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.