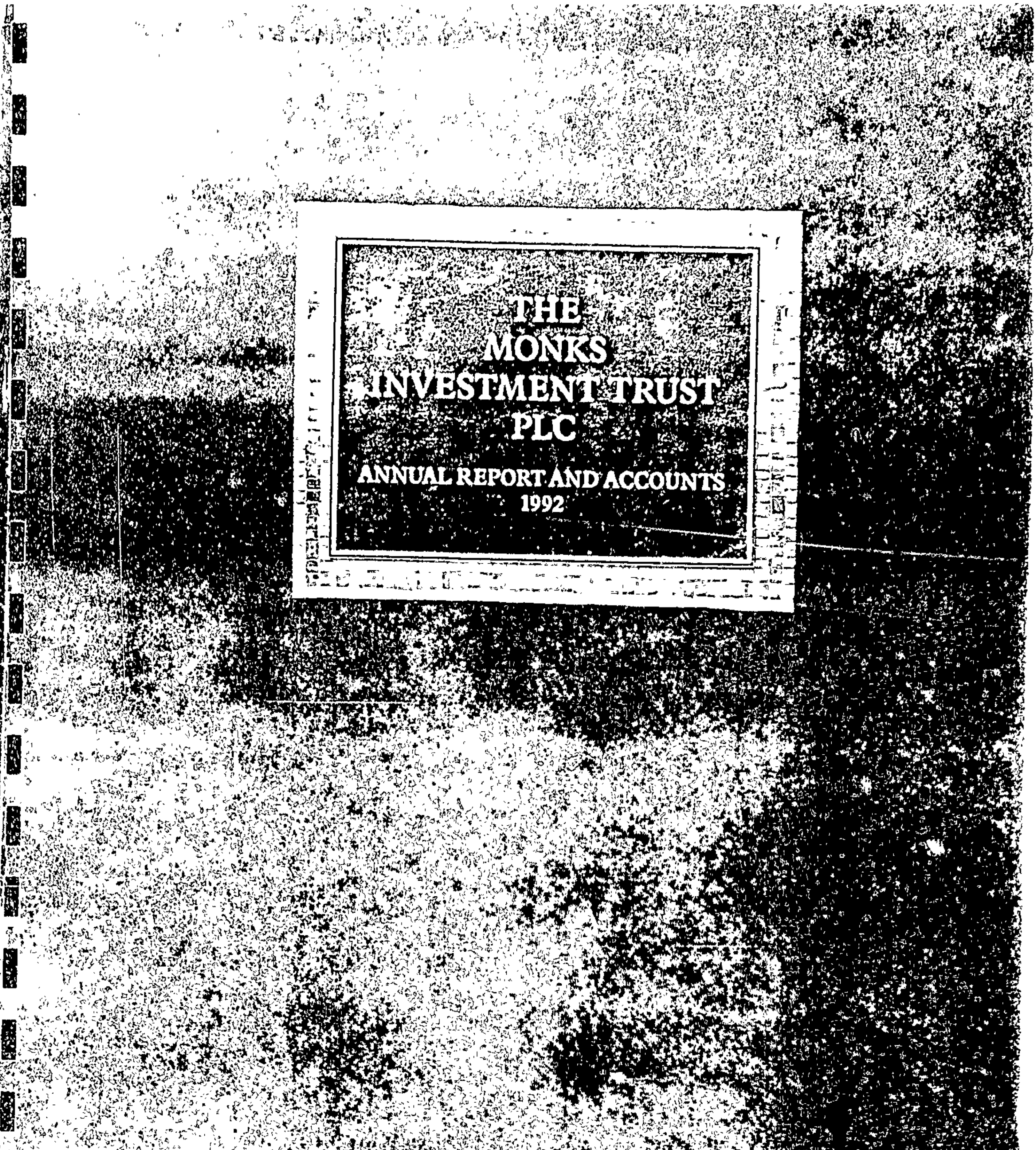

THE MONKS INVESTMENT TRUST PLC

ANNUAL REPORT AND ACCOUNTS 1992

BG

MANAGED BY BAILLIE GIFFORD & CO

Directors
M Hamilton *Chairman*
Sir Dermot de Trafford, Bt · Sir Roderick MacLeod
CKR Nunneley · CFE Shakerley

Managers and Secretaries
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Bankers
The Royal Bank of Scotland plc · Morgan Guaranty Trust Company of New York
The Fuji Bank, Ltd

Auditor
Coopers & Lybrand · Chartered Accountants and Registered Auditor · Erskine House
68-73 Queen Street · Edinburgh EH2 4NH

Company Registration No. 236964

The Company is a member of The Association of Investment Trust Companies of which it was one of the founder members in 1932.

THE MONKS INVESTMENT TRUST PLC

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About the Company

The objective of the Company is to invest internationally in order to achieve capital growth. It is our expectation that good growth of income should follow success in the capital account.

We are prepared to move freely between markets as opportunities for growth vary. Our portfolio is concentrated in a relatively small number of holdings, almost entirely of quoted securities.

As an investment trust company we offer long term professional investment management for individuals and institutions, freedom from capital gains tax on profits realised within the portfolio, the use of gearing to maximise opportunities for capital growth, low costs and simple dealing arrangements.

The Baillie Gifford Investment Trust Savings Scheme has been established for the investment trusts managed by Baillie Gifford & Co. The scheme enables current shareholders and others to invest in Monks by making occasional payments (minimum £250), or regular payments (minimum £30 per month or £90 per quarter) or by reinvesting dividends (minimum £15). Details of the scheme may be obtained from Baillie Gifford Savings Management Limited, 1 Rutland Court, Edinburgh EH3 8EY.

A Managed Personal Equity Plan (PEP) has been established to enable current shareholders and others to invest up to £1,500 in Monks. In addition up to £4,500 may be invested in a Managed "Top-Up" Portfolio of UK equity shares. The Plan is run by Baillie Gifford Savings Management Limited from whom details may be obtained.

GROWTH 1982 to 1992

Directors and Management

DIRECTORS

Michael Hamilton, Chairman

M HAMILTON, *Chairman.*
Michael Hamilton, who is 66, was appointed a director in 1967 and became chairman in 1975. He is a former senior partner of Taylor Joynson Garrett, solicitors, and a deputy chairman of the Clerical, Medical and General Life Assurance Society.

SIR DERMOT de TRAFFORD, Bt, VRD.
Dermot de Trafford is chairman of The Institute of Directors and is a former chairman of Low and Bonar PLC. He is 67 and was appointed a director of the company in 1965.

SIR RODERICK MACLEOD. Roderick MacLeod was appointed a director in 1983 and is aged 62. He is chairman and chief executive of Lloyd's Register of Shipping.

CKR NUNNELEY. Charles Nunneley is 56 and was appointed a director in 1977. He is chairman of Save & Prosper Group Limited and is deputy chairman of Robert Fleming Holdings Ltd. He is also a deputy chairman of the Clerical, Medical and General Life Assurance Society.

CFE SHAKERLEY. Tim Shakerley, who is 57, is chairman of Provincial Group PLC and a former director of The Royal Bank of Scotland Group. He became a director of the company in 1984.

MANAGERS AND SECRETARIES

The firm of BAILLIE GIFFORD & Co was formed in 1927 out of the legal firm of Baillie & Gifford, WS, which had been involved in investment management since 1909. It is an independent investment management firm with 16 partners and a staff of around 140 operating largely from Edinburgh, but with a small office in London.

Baillie Gifford & Co act as Managers and Secretaries to five other listed investment trust companies, twelve authorised unit trusts and one unauthorised unit trust. It also manages investment portfolios for pension funds, charities and other institutional clients. Included in these are international funds managed on behalf of Japanese and American clients. Funds under the management of Baillie Gifford & Co are over £5,000 million.

The firm of Baillie Gifford & Co is a member of IMRO.

Chairman's Statement

The year to 30th April was one of modest progress for most of the equity markets in which we are invested, the most striking exceptions being the weakness of Japan and the strength of Hong Kong. The collapse in Tokyo has so far had little external effect and the main influences on markets were the stimulatory credit policy in the USA, which has encouraged general strength since December, the determination of the Bundesbank to hold interest rates high while wrestling with the inflationary risks of German reunification, and in the UK the Conservative victory in the General Election.

Capital Growth

During the year under review, net asset value per share rose by 2·4% from 399·5p to 409·0p, our highest year-end valuation to date. This increase compares with a decline of 6·3% in the FTA World Index. Of the major markets the UK rose by 6·6% over the period, the USA by 7·4%, Germany by 3·9% and France by 15·3%. Japan fell by 33·4%. All figures are expressed in sterling terms.

Revenue and Dividend

Earnings per share declined by 0·7% compared with the previous year, from 7·48p to 7·43p. This result was in line with expectations and reflects a decline in sterling deposit rates during the year. Current expectations are that there will be a further decline in earnings in 1992/93. The Board is recommending a final dividend of 4·70p to make a total for the year of 6·70p, the same as for 1990/91. Our policy is to give priority to capital performance by maintaining freedom of movement between investment markets, and we are concerned that that might be inhibited by an increase in the dividend at this stage. If we are successful on the capital account dividend growth should follow in due course.

Distribution of Portfolio

The proportion of assets in UK equities and convertibles fell slightly over the year because of net sales, but remained in the upper half of the range over recent years. The US stake was reduced substantially to a very low level by historical standards, reflecting sales of oil shares. We were net buyers in continental Europe — adding to what was already a large stake — and in the Far East. The purchases of Japanese shares, most of them made towards the end of 1991, were premature but represented only a modest addition to a small stake. We have been more confident in the smaller markets of South East Asia, where the stake rose because of both relative market movements and net additions. We have made further investments in this promising region since the year-end. The distribution of the portfolio is shown on page 6 and a discussion of the individual markets is to be found in the Managers' Portfolio Review on pages 9 to 17.

Investment Trusts

Investment trusts have continued to benefit from wider publicity, helped considerably by the efforts of the Association of Investment Trust Companies. The number of Monks shareholders showed a further encouraging gain last year, rising by 25%. This trend has been assisted by the Baillie Gifford Savings Scheme, through which shares in Monks can be bought free of any commission, and by the Baillie Gifford PEP, which was launched earlier this year. Details of these schemes are to be found on page 2.

We believe that the international diversification of Monks enables it to maximise the advantages of the investment trust structure for the private investor. A statement of our policy and a chart of our ten year record are also to be found on page 2.

Outlook

The UK economy has been offering some hope of revival since the election. Surveys indicate improving business confidence, the strength of sterling has enabled the government to cut base rate by ½% to 10% and exporters seem content with current exchange rates. The broad equity index has risen by around 13% since 9th April, boosted by strong foreign as well as domestic buying. We expect that beyond a post-election bounce the progress of the economy is likely to be constrained: the government will be in no hurry to reflate; the ERM is likely to keep interest rates high; many debt problems from the last boom, particularly in property, still have to be worked through; and the trade account remains a worry. The most likely prospect is for a year or two of slow growth, during which profits will be able to rise. There should then be scope for continued profit growth in the mid 1990's and we think that UK equities remain attractive on a medium term view.

The US economy does now appear to be set on a course of recovery, after a false start last year.

Chairman's Statement

CONTINUED

We expect slow growth with low inflation over the rest of this year, enough to produce a sharp increase in company profits from the exceptionally depressed levels of 1991; we are doubtful whether the economy can grow very rapidly beyond 1992/93. The market has benefited from the easy credit policy of the Federal Reserve, which has brought about an unprecedently steep inversion of the yield curve and has encouraged a flight of private investors from money market funds into equities. This is at least to some extent a pre-election phenomenon and the underlying US problems – of high government borrowing, low savings and low productivity growth – remain. We fe[illegible] that the recent strength of the market will not be justified by events and intend to keep our US stake at a low level.

The economies of the major continental European markets have been showing modest growth; reported corporate earnings have on the whole been good and estimates have been rising.

The German economy continues buoyant, with industrial orders particularly strong. Reunification is clearly presenting serious difficulties but we continue to believe that it will be of benefit to German business. The economy of the east is now growing at an annual rate of around 10%, having fallen steeply in the first two years of reform, and the critical question is the extent to which that recovery represents self sustaining economic activity as opposed to the spending of handouts from Bonn on imported goods. We do not think that the Bundesban[illegible] too unhappy at present but its natural cauti[illegible] and a high level of monetary growth over the past year are likely to prevent a cut in short term interest rates before the end of 1992.

Despite having to share Germany's high interest rate policy the French economy has been showing some growth. Recent trade figures have been good, the government's financial position is strong and inflation is low. Of the other European markets, we are holding off in Italy until the shape of the government becomes more clear, and are worried by the number of rights issues there. Political change has been favourable to business in Sweden; company results have been good and we may add further.

The Japanese economy is going through what by its standards is a recession. Capital spending, the engine of growth in recent years, is falling; consumer spending is soft; and profits are likely to fall for the third year in succession. The slowdown has caused inflation to fall from a modest peak (it is likely to reach negligible levels later this year) and the competitive strength of Japan remains clear from a large and growing trade surplus. The Japanese stock market now sells at half the peak of December 1989, having recovered by 16% from last month's low point; it is probably now no more expensive on most measures than the large western markets, but we are worried that the full extent of the problems left over from the boom may not yet have been seen. The banking and property sectors have serious difficulties and there are many weak holders of equities who may be expected to sell into any rise.

The South East Asian economies to which we are most heavily committed (Hong Kong, Malaysia and Singapore) have been performing well and we remain confident of future growth. If economic reform continues to develop in China, as we expect, prospects for this part of the world should be quite outstanding.

Apart from the small and special case of South East Asia, stock markets generally do not look very attractively valued. We feel reasonably confident in the UK, where the medium term outlook has been enhanced by the outcome of the election, and in continental Europe. We are most concerned about the USA, where short term interest rates are unsustainably low. These may hold until after the November election, in which case Wall Street and other markets may continue to benefit. When US rates do rise, however, equities worldwide are likely to face difficulties. Cash balances represent 7·6% of the portfolio and reflect a degree of caution.

Michael Hamilton

MICHAEL HAMILTON
8th June 1992

Michael Hamilton

Distribution of Portfolio

GEOGRAPHICAL

1992 (1991)

UK
34·1% (36·7%)

North and Central America
8·8% (15·1%)

Net Liquid assets
7·6% (6·9%)

Continental Europe
28·8% (24·5%)

South East Asia
16·1% (13·7%)

Japan
4·6% (3·1%)

SECTOR

1992 (1991)

Consumer goods
29·9% (28·9%)

Other groups
21·5% (28·0%)

Capital goods
20·3% (19·5%)

Net Liquid assets
7·6% (6·9%)

Financial
20·7% (16·7%)

Classification of Investments

Classification	UK %	North and Central America %	Continental Europe %	Japan %	South East Asia %	Total %	Total 1991 %
EQUITIES: (including convertibles)							
CAPITAL GOODS	4·3	–	15·5	0·1	0·4	20·3	19·5
Building and construction	3·4	–	1·2	0·1	0·4	5·1	6·5
Heavy electrical and engineering	–	–	6·6	–	–	6·6	6·5
Miscellaneous	0·9	–	7·7	–	–	8·6	6·5
CONSUMER GOODS	15·7	5·6	7·9	–	0·7	29·9	28·9
Light electrical	–	–	–	–	–	–	0·4
Motors and distributors	–	–	1·1	–	–	1·1	1·0
Breweries and distilleries	3·4	–	–	–	–	3·4	2·8
Food	0·9	1·1	–	–	–	2·0	–
Hotels and leisure	2·0	–	–	–	–	2·0	1·6
Healthcare	–	1·3	2·9	–	–	4·2	3·3
Printing, publishing and advertising	3·4	–	1·0	–	–	4·4	4·8
Retail trade	6·0	1·4	2·3	–	0·4	10·1	11·2
Tobacco	–	1·8	–	–	0·3	2·1	2·9
Miscellaneous	–	–	0·6	–	–	0·6	0·9
OTHER GROUPS	10·2	2·7	1·6	–	7·0	21·5	28·0
Chemicals	0·7	–	–	–	–	0·7	–
Oil and gas	1·3	1·9	–	–	–	3·2	9·3
Oil service	–	–	–	–	–	–	5·5
Office equipment and electronics	3·2	0·2	–	–	–	3·4	3·6
Transport	1·4	–	–	–	–	1·4	–
Utilities	2·5	0·6	–	–	3·6	6·7	2·6
Miscellaneous	1·1	–	1·6	–	3·4	6·1	7·0
FINANCIAL	3·9	0·5	3·8	4·5	8·0	20·7	16·7
Banks	1·0	–	1·6	–	1·2	3·8	4·4
Insurance: Life	1·7	–	–	–	–	1·7	1·8
Composite	–	0·5	–	–	–	0·5	1·2
Brokers	0·3	–	–	–	–	0·3	0·4
Land and property	0·9	–	0·8	–	0·5	2·2	1·7
Other financial	–	–	1·4	4·5	6·3	12·2	7·2
TOTAL EQUITIES (incl. convertibles)	34·1	8·8	28·8	4·6	16·1	92·4	
Total equities 1991 (incl. convertibles)	36·7	15·1	24·5	3·1	13·7		93·1
NET LIQUID ASSETS	7·3	0·1	0·1	0·1	–	7·6	6·9
TOTAL NET ASSETS (before deduction of prior charges)	41·4	8·9	28·9	4·7	16·1	100·0	
Total net assets – 1991	[illegible]	15·5	24·6	3·1	13·7		100·0
PRIOR CHARGES	(11·2)	–	–	–	–	(11·2)	(11·4)
NET ASSETS AVAILABLE FOR EQUITY	30·2	8·9	28·9	4·7	16·1	88·8	
Net assets – 1991	31·7	15·5	24·6	3·1	13·7		88·6
Number of equity investments (including convertibles)	43	14	36	4	15	112	115

Largest Holdings

Name	Description	Market value £'000	% of net assets
BG Pacific	Unit trust	20,973	5·9
Baillie Gifford Japan Fund	Unit trust	11,318	3·2
J. Sainsbury	Food retailer	7,430	2·1
Philip Morris	Tobacco, food and beer	6,583	1·8
Telekom Malaysia	Telephone utility	6,005	1·7
Astra	Pharmaceutical manufacturer	5,479	1·5
Hutchison Whampoa	Property and industrial conglomerate	5,440	1·5
Alcatel Alsthom	Electricals and telecommunications	5,012	1·4
Gehe	Pharmaceutical distributor	4,928	1·4
Tesco	Food retailer	4,910	1·4
BG Japan Unit Trust	Unit trust	4,847	1·3
Wm. Morrison	Food retailer	4,804	1·3
Guinness	Brewing and distilling	4,796	1·3
Siemens	Electricals and telecommunications	4,782	1·3
Shell Transport & Trading	International oil company	4,594	1·3
Pearson	Conglomerate with media interests	4,465	1·3
Mannesmann	Heavy capital goods	4,417	1·2
Grand Metropolitan	Spirits and food	4,331	1·2
Sandvik	Metal forming	4,111	1·2
Ladbroke Group	Hotels, betting, retailing, property	4,083	1·2
SASIB	Food packaging and railway equipment	4,071	1·1
Wilson Connolly	Housebuilder	4,040	1·1
Legrand	Electricals	4,030	1·1
Hanson	Industrial holding company	4,016	1·1
Daimler-Benz	Motors	4,005	1·1
Prudential Corporation	Life assurance	3,952	1·1
National Power	Power generator	3,920	1·1
Castorama Dubois	DIY stores	3,790	1·1
Pepsico	Soft drinks, snack foods and restaurants	3,702	1·1
Elsevier	Specialist publishing	3,672	1·0
		162,506	45·4

INVESTMENT CHANGES (£'000)

	Valuation 30th April 1991	Net purchases (net sales)	Appreciation (depreciation)	Valuation at 30th April 1992
Equities (incl. convertibles):				
UK	128,148	(13,221)	7,083	122,010
North and Central America	52,985	(18,688)	(3,009)	31,288
Continental Europe	85,775	11,277	5,975	103,027
Japan	10,809	12,652	(7,096)	16,365
South East Asia	48,012	5,907	3,854	57,773
	325,729	(2,073)	6,807	330,463
NET LIQUID ASSETS	24,255	2,609	–	26,864
TOTAL ASSETS	349,984	536	6,807	357,327

The figures above for Total Assets are made up of "Total assets less current liabilities" as shown in the Balance Sheet

Managers' Portfolio Review

United Kingdom

During the year to 30th April 1992 the UK stockmarket rose by just 6·6% despite ending the period on a very strong note following the conservative victory in the General Election. Our equity portfolio outperformed the index but underperformance from the convertibles led to an overall movement only in line with the FT All Share. It was a year in which hopes of economic recovery were repeatedly disappointed and in which we made net sales of over £13m to leave our UK exposure at 34·1% of the fund (36·7% a year earlier), of which 4·5% was in convertibles.

For most of the last three years we have held a cautious view of the prospects for the economy and yet even so we greatly underestimated the depth and duration of the current downturn in activity. While both inflation and interest rates have declined over the last twelve months the real economy has continued to shrink, with retail sales, industrial production and GDP all negative, and the Government's finances have deteriorated substantially. Last autumn there was a widespread belief that the recession was coming to an end and a further deterioration around the year-end was a severe disappointment. One must now hope that the improvement in confidence following the removal of political uncertainty will trigger a recovery which is already long overdue.

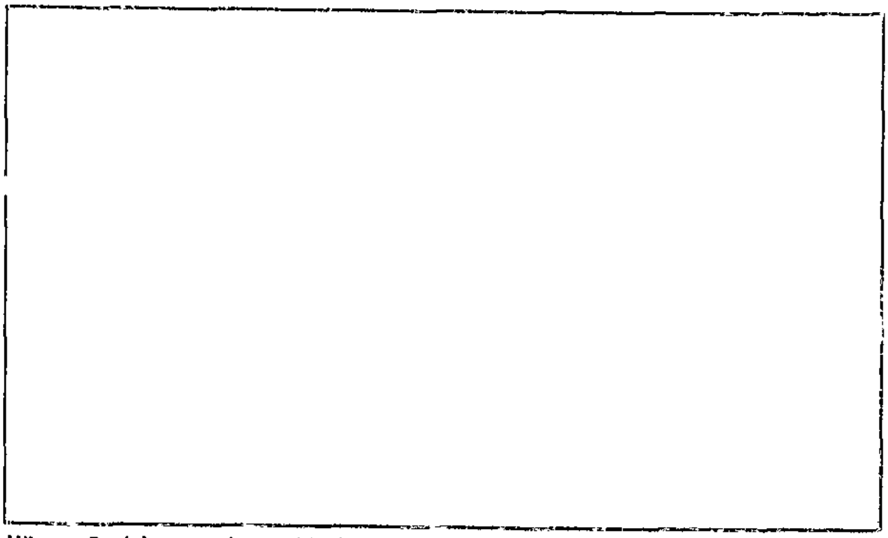
Given the unfavourable economic background we persevered with our policy of concentrating on strong, well financed companies where we could see reasonable prospects for growth despite unhelpful conditions. This policy is epitomised by our heavy exposure to the food retail and international drinks sectors. In each case the companies concerned have very strong market positions, good financial characteristics and attractive long term growth prospects. Such attributes were well rewarded over the year with William Morrison, J Sainsbury, Guinness and Grand Metropolitan all producing well above average returns. At the year-end 15·6% of our UK portfolio was invested in the food retailing sector and 10·0% in brewers and distillers. In a similar vein we maintained our large weightings in the building (9·5%) and electronics (6·5%) sectors where we have identified a number of medium sized companies which have improved

Pearson's products include fine china from Royal Doulton

Managers' Portfolio Review

CONTINUED

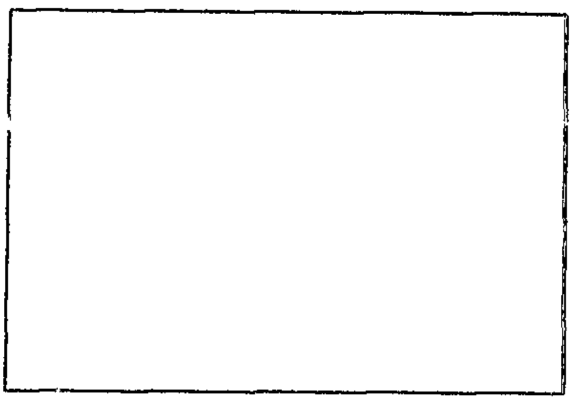
United Kingdom (continued)



Häagan-Daz's ice cream is one of the Grand Metropolitan's fastest growing brands

their competitive positions through the recession. Such stocks include Spring Ram and Persimmon in building, and Diploma, Electrocomponents and Bowthorpe in electronics.

The major changes in the industrial composition of the UK portfolio during the year were a reduction from 12·0% to 3·8% in oil and an increase from nil to 10% in regulated utilities. The change in the oil stake was effected through the sale of the fund's holding in BP and a reduction in Shell in response to our changed perception of the outlook for oil prices. Among the regulated utilities we acquired holdings in BAA, National Power, British Telecom and Southern Water in the belief that regulatory and political fears were overdone and that the attractions of the returns offered were underappreciated given the uncertain economic environment. This move clearly benefited the portfolio in the weeks immediately following the General Election.



A Vodafone subscriber

Other new purchases were British Airways, British Vita, Ladbroke, United Biscuits and Vodafone, all of which offer a low risk exposure to eventual economic recovery by virtue of strong market positions. Conversely we sold several stocks where such was not the case, including A Fisher, Ratners, BPB, British Steel and Barclays Bank, and sold others where we felt that reasonable prospects were more than adequately discounted such as BAT, Carlton Communications, Etam and Glaxo. During the year we converted a significant proportion of our convertible portfolio into ordinary shares, reducing the stake in convertibles from £34m to £16m.

The outlook for the economy is somewhat brighter than this time last year and we are hopeful that the worst has been seen. We do, however, expect only modest growth across the whole economy over the medium term, believing that ERM membership implies a continuation of tough anti-inflationary policies and only steady growth. We will continue to target strong and stable companies, believing them to be the best placed to profit from such an environment.

30th April 1992	£000	% of fund
Equity investments	122,010	34·1
Net liquid assets	26,035	7·3
Total	148,045	41·4
Borrowings	(40,000)	(11·2)
Net assets available for equity	108,045	30·2

Managers' Portfolio Review

CONTINUED

North America (including Mexico)

Amerada Hess oil rig

During the year the value of the stake in North America fell from £53 million to £31 million. While this was largely because we made net sales of £19 million, there was also a considerable underperformance against the market in the United States, particularly in the second half. The underperformance was accounted for by weakness in the prices of the investments in the oil industry which a year ago represented about two-thirds of the American portfolio : Saudi policy caused the price of oil to be weak and sluggish economic growth around the world led to poor profitability in refining and chemical divisions.

The broad American share index rose by 10¾% between 30th April 1991 and 30th April 1992. However, a fall in the dollar during the year reduced this rise to one of 7½% in sterling terms. The background to the rise in the market was a number of cuts in short-term interest rates in the United States in order to generate economic growth after the recession which took place in the last few months of 1990 and in the first few months of 1991. The economy picked up in the second and third quarters of 1991, but showed little growth in the last quarter of the year. As a result of lower interest rates and improving economic sentiment, moderate growth was resumed in the first quarter of 1992. However, although we expect that growth will continue for the rest of the year, it is unlikely to be at a fast pace. The level of indebtedness in America is high, the savings rate is low and, because the federal budget deficit is large and short interest rates are low following the reductions over the past year, there is almost no scope for further stimulation by the government or Federal Reserve Board.

Within the portfolio the main activity has been a considerable reduction in the oil and oil service sectors. The main holdings sold were Unocal, an integrated oil company, and Schlumberger and Halliburton, which provide oilfield services. The oil stocks remaining in the portfolio – Amerada Hess, Barrett Resources and Phillips Petroleum – represent about one-fifth of the North American stake. Amongst purchases made during the year were Pepsico, the leading soft drink, snack foods and restaurant company, and Telefonos de Mexico ("Telmex"), the telephone utility in that country. After a number of years of poor growth and high inflation the Mexican economy is making more satisfactory progress and there is considerable confidence that this will continue. Against such a background prospects for Telmex appear to be good.

Following the rise of the American market during the year, its valuation is high and appears to allow fully for the economic growth and improvement in profits which are expected in 1992. It seems unlikely that there will be further cuts in interest rates of any significance and it is possible that at some time rates may rise again because the recent stimulation will turn out to have been excessive. Against such a background it is appropriate that there should be only a small proportion of funds invested in North America and we do not propose to increase this at present.

30th April 1992	£000	% of fund
Equity investments	31,288	8·8
Net liquid assets	176	0·1
Total	31,464	8·9

Telmex headquarters

Managers' Portfolio Review

CONTINUED

Europe

Legris crane

In the twelve months to April 30th the FT Europe (ex UK) Index rose by 3·0%. This apparent stability conceals a year of some volatility with recent hopes of an improved international economic environment allowing European equities to recover from a period of marked weakness in the autumn of 1991. Our portfolio outperformed the index over the year.

The affairs of reunited Germany have remained at the heart of hopes and concerns in European financial markets. Growth has remained resilient in western Germany, with a 3·4% GDP increase in 1991 and further expansion evident in the first quarter of 1992. We would expect this to continue given some signs of international demand for German goods recovering, of a better consumer climate domestically and above all of east Germany emerging towards 10% p.a. growth. Such a buoyant picture is unlikely to suggest to the Bundesbank that monetary easing is in order. We suspect that strong credit demand rather than the current and exaggerated fears about wage settlements will delay an easing of short rates. We are happy to retain our exposure to the Frankfurt market which has performed in line with the European averages over the last year. We continue to concentrate on the capital goods companies in which Germany is so strong and which seem to us to offer outstanding prospects over the next five years.

France has deservedly produced the best returns amongst continental markets over the last 12 months. The CAC 40 index has risen 15·3% in sterling terms over the last 12 months reflecting a hard-won confidence in the virtues of French economic management and performance. Continued control of inflation coupled with a heartening improvement in the trade statistics have underpinned the French franc whilst tough rationalisation measures have allowed encouraging corporate earnings progress given the international economic environment. Our portfolio in France as in Germany has shown little structural change in the last year with further increases in the industrials Legrand and Legris being met by profit-taking in the DIY retailer Castorama.

In the comparatively minor markets of Europe the focus of the portfolio is currently

Managers' Portfolio Review

CONTINUED

Europe (continued)

concentrated on Sweden. We have made an addition of £7·3m to our holdings in the Stockholm market over the year. In particular

Siemens

we have purchased two new holdings: Sandvik (carbide tools) and Securitas (security services), which combine long standing managerial and industrial skills with benefits from the profound economic and political changes being seen in the previously idiosyncratic Swedish model. Moves towards a liberalised economic philosophy coupled with closer integration in European affairs seem to us to offer a highly attractive environment for corporate Sweden. In twelve months time we hope that we will be able to make similar comments about the Italian background. Until we see if the rebuke from the electorate and the hectoring of Brussels will penetrate the imperturbable front of Christian Democrat misrule we are unwilling to place much confidence in the Milan bourse but the potential for this market could become appealing.

We feel content with the prospects for continental equities and with our comparatively high levels of holdings in the area. In a year which has seen the collapse of Soviet Communism it is surely worth stressing again how much greater in scope both the opportunities and the difficulties for European economies and markets have become. We remain confident that Western European economies possess the stability and strengths to benefit from the historic transformations of the last three years. Continental companies have withstood the buffetings of the depressed international environment of the last year with both profits and balance sheets broadly intact. They are comparatively reasonably rated relative to their own history and by international standards. We are therefore cautiously optimistic for the coming year.

Castorama

30th April 1992	£000	% of fund
Austria	1,967	0·6
France	24,532	6·9
Germany	43,913	12·3
Italy	6,462	1·8
Luxembourg	1,573	0·4
Netherlands	5,528	1·5
Sweden	13,656	3·8
Switzerland	5,396	1·5
Equity investments	103,027	28·8
Net liquid assets	433	0·1
Total	103,460	28·9

Managers' Portfolio Review

CONTINUED

Japan

The past year has been another difficult one for the Japanese market with Topix declining by 33% in both local and sterling terms. From the high point reached after the end of the Gulf War the market fell throughout the year, apart from a small rebound in the autumn. Profits, which were down in the year to March 1991, were originally forecast to recover by March 1992. However, expectations were scaled back continually throughout the year and the outcome was an overall fall in profits of 20%.

Monks started the year with only 3·1% of assets in Japan, which was a very low exposure by historic standards. During the year we added £12·7m to this since we believed that the poor economic and profits outlook was discounted and that further falls in interest rates would lead to a recovery in the stockmarket. However, the revelation of further scandals, both political and financial, as well as the resumption of domestic selling to raise liquidity, led to the market declining again despite the anticipated falls in interest rates. At the end of the year Monks had 4·6% in Japan and the portfolio had slightly underperformed the Topix index, a poor first half not being fully compensated by a good second half.

[illegible]

The low stake in Japan over the past few years has led to only a small number of stocks being held. In order to give Monks a broader exposure to the market we have sold nearly all the direct holdings and invested in two unit trusts, the Baillie Gifford Japan Fund and the BG Japan Unit Trust. These are both general funds which invest primarily in long term growth stocks, with the principal difference being that the Japan Fund has some bias towards investing in smaller companies. There is no additional cost to Monks in holding these funds.

Japan is now experiencing a recession, with negative growth in the last quarter of 1991 and probably in the first quarter of 1992. In response to this deteriorating economic outlook the Bank of Japan has eased monetary policy significantly with four cuts in the Official Discount Rate. The government also introduced an economic package to stimulate the economy by moving government spending forward into the first half of the fiscal year. This may be followed up by the introduction of a supplementary budget later this year. The Bank of Japan believes that the economy is still fairly strong and any evidence that it is weakening further will be countered by more interest rate cuts. It is likely that there will be some recovery in the economy towards the end of 1992 and that for the current fiscal year, which ends in March 1993, growth will be around 2% to 2·5%.

The Japanese market is now at half its peak level, which was reached in December 1989. Corporate profitability is nearly at its lowest point, and there will be a strong rebound in the fiscal year to March 1994 after another poor year to March 1993. The economy is now weak, but in the longer term Japan remains likely to grow faster than other developed countries. Japanese companies are going to place more emphasis on profitability, having achieved substantial world market shares in many manufactured goods. They are now looking to obtain higher returns from their substantial sales, particularly as their cost of capital has increased. This may lead to a secular as well as cyclical growth in profits. We remain optimistic about longer term investment in Japan, although there may well be further short term difficulties.

30th April 1992	£000	% of fund
Equity investments	16,365	4·6
Net liquid assets	171	0·1
Total	16,536	4·7

Managers' Portfolio Review

CONTINUED

South East Asia

After a strong rally in Pacific markets during the early months of 1991, following the successful conclusion of the Gulf war, the year to April 1992 was largely one of consolidation. For most of the year we made little change to our stake but during April we added to our holdings in Hong Kong, which now represents our largest investment in the area at 6·8% of assets, and Telekom Malaysia. The largest holding remains the BG Pacific Unit Trust (5·9% of assets) which gives Monks a broad exposure to the major South East Asian markets as well as a number of the smaller markets in the region. This method of obtaining a wide spread of investments in the region carries no additional cost for Monks. During the year, we made a net investment of £5·9m and at the year-end Monks had £57·8m (16·1%) of assets invested in the region compared with £48·0m (13·7%) the previous year.

The economies of the Pacific Basin countries performed well in 1991, with the slow-down in demand from the United States being offset by increases in domestic demand and exports to Europe, especially Germany. The follow-through to corporate profits was less positive in Singapore, Malaysia and Thailand because of rising costs, particularly labour.

Over the year the principal markets in which Monks is invested performed as follows:—

	% change on Sterling basis
Hong Kong	+ 45·2
Singapore	– 2·4
Malaysia	+ 6·1
Thailand	– 15·6

The domestic economy in Hong Kong continued its recovery from the slow-down induced by the Tiananmen Square massacre in June 1989. Growth this year should be in excess of 5% and should accelerate when construction starts on the massive port and airport projects and the US economy recovers. An easy

Dickson Store

monetary policy, created by the Hong Kong dollar link to the US currency, has resulted in negative real interest rates and a strong upward move in both property values and the stockmarket. The latest news from China has been encouraging with economic growth forecast to rise by 10% in 1992, with the regions closest to Hong Kong expected to grow even faster. A recent visit to Hong Kong and southern China confirmed how

Inside a Dickson Store

Managers' Portfolio Review

CONTINUED

South East Asia (continued)

closely the two economies are already linked. Most Hong Kong manufacturing businesses are already located in China and the volume of China's exports being shipped through Hong Kong is growing rapidly. The economic reforms that are currently taking place in China are significant and encouraging. The need for capital has resulted in the development of stockmarkets in Shanghai and Shenzhen and the rhetoric of the Chinese leadership is now positive for Hong Kong; we believe that Hong Kong's prospects in the years ahead will be enhanced by its links to China. The stockmarket has performed outstandingly well over the period since June 1989 but it remains cheaply rated and could be re-rated if the China connection is perceived by investors as positive.

Economic growth has been in excess of 8% for the past few years in Malaysia and 1991 was no exception with GNP rising by 8·8%, one of the fastest growth rates in the world last year. This consistent, rapid growth has caused strains; labour, plentiful when the industrialisation process started in the mid-eighties, is now in short supply, inflation has been rising and a large current account deficit has developed, caused partly by imports of capital equipment. The Bank Negara (central bank) responded to this by raising interest rates and keeping tight monetary conditions. Consequently, growth this year will be slower and it is unlikely that interest rates will fall until later this year or early next. Our exposure to the country is 3·3% of assets.

Singapore accounts for 3·8% of assets. As with Malaysia the economy in Singapore has been overheating. The Government's response was to reduce the country's competitiveness by increasing wages and revaluing the Singapore

A Keppel shipyard

Managers' Portfolio Review

CONTINUED

South East Asia (continued)

Telekom Malaysia

dollar, thus slowing growth. Growth in 1991 was 6·7% down from an average of 9% in previous years and for the current year 5% is likely. Singapore is the nation most dependent on the level of world trade, particularly with the USA; with recovery likely there the prospects for Singapore will improve.

Politics, following the bloodless coup in February 1991, have tended to dominate the movements in the Thai stockmarket over the past year. Considerable uncertainty remains following the recent election. The appointment of a non-elected, ex army General as Prime Minister has resulted in serious protests in Bangkok. At the time of writing, violence seems to be increasing and the situation deteriorating. In the meantime the economy has continued to exhibit good growth of over 8% last year and a similar outcome is likely for this year. We are retaining our holdings in Thai International Fund and Siam Cement (building materials based conglomerate) and expect a recovery in the stockmarket when the political picture becomes clearer.

30th April 1992	£000	% of fund
Hong Kong	24,474	6·8
Singapore	13,539	3·8
Thailand	4,415	1·2
Malaysia	11,755	3·3
Other	3,590	1·0
Equity investments	57,773	16·1
Net liquid assets	49	–
Total	57,822	16·1

Directors' Report

The Directors have pleasure in submitting their Annual Report together with the results of the Company for the year to 30th April 1992.

HIGHLIGHTS	1992	1991	% change
Total assets	£357·3m	£350·0m	+ 2%
Debentures	£40·0m	£40·0m	
Total net assets	£317·3m	£310·0m	+ 2%
Asset value per ordinary share*	409·0p	399·5p	+ 2%
Revenue before taxation	£8·0m	£8·1m	− 1%
Earnings per ordinary share	7·43p	7·48p	− 1%
Dividends per ordinary share	6·70p	6·70p	

*after deducting prior charges at par

REVIEW OF ACTIVITIES

During the year under review the Company has followed the normal activities of an investment trust company. A review of the main features of the year is contained in the Chairman's Statement and in the Managers' Portfolio Review on the preceding pages.

DIVIDENDS

The Board recommends a final dividend of 4·70p per ordinary share which, together with the interim already paid, makes a total of 6·70p for the year, the same as for the previous year.

If approved, the recommended final dividend on the ordinary shares will be paid on 1st August 1992 to shareholders on the register at close of business on 3rd July 1992.

After payment of the dividend the accumulated revenue balance is increased by £565,000 to £3,023,000.

STATUS

The Company has received approval as an Investment Trust from the Inland Revenue in respect of the year to 30th April 1991 and has subsequently directed its affairs so as to enable it to continue to seek such approval.

The close company provisions do not apply.

The Company is an investment company within the meaning of S266 of the Companies Act 1985.

SUBSTANTIAL HOLDINGS

The following information has been intimated to the Company as at 4th June 1992 in compliance with S.198 of the Companies Act 1985.

Name	Number and class of shares held		% of issue
Prudential Corporation Group of Companies	7,738,066	Ord. 25p shares	9·97
Pearl Assurance Plc	6,578,066	Ord. 25p shares	8·48
The Scottish Widows' Fund & Life Assurance Society	5,975,952	Ord. 25p shares	7·70
The Equitable Life Assurance Society	4,801,439	Ord. 25p shares	6·19
The Standard Life Assurance Company	2,959,444	Ord. 25p shares	3·81
Electricity Supply Pension Scheme	2,713,000	Ord. 25p shares	3·50

Directors' Report

CONTINUED

DIRECTORS

The directors during the year under review, and their interests in the Company, were as follows:

	Nature of Interest	Ordinary 25p shares held at 30/4/92	1/5/91
M Hamilton	Beneficial	4,000	4,000
	Trustee	9,300	9,300
Sir Dermot de Trafford, Bt	Beneficial	20,430	20,430
Sir Roderick MacLeod	Beneficial	2,240	2,240
CKR Nunneley	–	–	–
CFE Shakerley	–	–	–

There have been no changes intimated in the directors' interests up to 4th June 1992.
Sir Dermot de Trafford, Bt and Mr CKR Nunneley retire by rotation but are eligible for re-election.

AUDITOR

The registered auditor, Coopers & Lybrand, are willing to continue in office and in accordance with S.385 and S.390A of the Companies Act 1985 resolutions concerning their re-appointment and remuneration will be submitted to the Annual General Meeting. Until 1st June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

By order of the Board

BAILLIE GIFFORD & Co.

Managers and Secretaries.

8th June 1992

Auditor's Report

TO THE MEMBERS OF THE MONKS INVESTMENT TRUST PLC

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

In our opinion these accounts give a true and fair view of the state of the Company's affairs at 30th April 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.

COOPERS & LYBRAND

Chartered Accountants and Registered Auditor

Edinburgh

8th June 1992

Revenue Account

for the year to 30th April 1992

	Notes	1992 £'000	1991 £'000
INCOME			
Income from investments	2	11,314	11,104
Interest receivable and other income	3	2,582	2,968
Gross income		13,896	14,072
EXPENSES			
Interest payable	4	(4,400)	(4,410)
		9,496	9,662
Administrative expenses	5	(1,507)	(1,542)
REVENUE			
from ordinary activities before taxation		7,989	8,120
Tax on revenue from ordinary activities	6	(2,225)	(2,315)
REVENUE			
from ordinary activities after taxation		5,764	5,805
DIVIDENDS			
Ordinary paid and proposed	7	(5,199)	(5,199)
ACCUMULATED REVENUE			
Net revenue for the financial year		565	606
Brought forward		2,458	1,852
Carried forward		3,023	2,458
EARNINGS			
per ordinary share	8	7·43p	7·48p

Balance Sheet

at 30th April 1992

	Notes	1992 £'000	1992 £'000	1991 £'000	1991 £'000
FIXED ASSETS					
Investments	9		330,463		325,729
CURRENT ASSETS					
Debtors	10	1,893		5,155	
Investments	11	39,401		28,570	
Cash at bank and in hand		18		38	
		41,312		33,763	
CREDITORS					
Amounts falling due within one year	12	(14,448)		(9,508)	
NET CURRENT ASSETS			26,864		24,255
TOTAL ASSETS *less current liabilities*			357,327		349,984
CREDITORS					
Amounts falling due after more than one year	13		(40,000)		(40,000)
			317,327		309,984
CAPITAL AND RESERVES					
Called up share capital	15		19,398		19,398
Share premium account			11,100		11,100
Capital reserve	16		230,006		222,121
Unrealised appreciation	17		53,800		54,907
Accumulated revenue			3,023		2,458
			317,327		309,984

The Accounts were approved by the Board and signed on their behalf on 8th June 1992.

The Notes on pages 24 to 28 form part of these Accounts.

The Auditor's Report is on page 19.

Director Michael Clark

Cash Flow Statement

for the year to 30th April 1992

	1992 £'000	1992 £'000	1991 £'000	1991 £'000
Net cash inflow from operating activities		10,869		11,769
Servicing of finance				
Dividends paid	5,199		4,811	
Interest paid	4,400		4,414	
Net cash outflow from servicing of finance		(9,599)		(9,225)
Taxation				
Overseas tax suffered	461		483	
Corporation tax paid	570		274	
ACT paid	243		353	
Total tax paid		(1,274)		(1,110)
Investing activities				
Purchase of investments	(107,650)		(197,310)	
Sale of investments	118,685		199,931	
Distribution received	6		–	
Realised currency loss	(93)		(2,221)	
Net cash inflow from investing activities		10,948		400
Net cash inflow before financing		10,944		1,834
Financing				
Debentures repaid		–		500
Net cash outflow from financing		–		500
Increase in cash and cash equivalents		10,944		1,334
		10,944		1,834

Notes to the Cash Flow Statement

	1992 £'000	1991 £'000
1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Profit on ordinary activities before interest payable and taxation	12,389	12,530
(Increase)/decrease in accrued income	(123)	129
(Increase)/decrease in debtors	(102)	349
Increase/(decrease) in creditors	78	(31)
Tax on franked income	(1,339)	(1,275)
Income tax suffered/repaid	(34)	67
	10,869	11,769
2 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		
Balance at 1st May 1991	28,252	26,918
Net cash inflow	10,944	1,334
Balance at 30th April 1992	39,196	28,252

3 ANALYSIS OF THE BALANCES IN CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1992 £'000	1991 £'000	Change in Year £'000
Short-term investments	39,401	28,570	10,831
Cash at bank and in hand	18	38	(20)
Bank overdrafts	(223)	(356)	133
	39,196	28,252	10,944

Notes to Accounts

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments, and on the assumption that approval as an investment trust will continue to be granted.

(a) INCOME AND EXPENSES

(i) Investment income is credited to the revenue account on the date on which it is receivable.

(ii) Franked and unfranked investment income include the imputed tax credits or taxes deducted at source.

(iii) Interest receivable on short-term loans and deposits, interest payable and expenses of management are dealt with on an accruals basis.

(b) FOREIGN CURRENCIES

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction.

Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the balance sheet date.

(c) INVESTMENTS

Listed investments are shown at market value.

Unlisted investments are shown at a valuation determined by the Directors based upon latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate.

(d) TAXATION

(i) Deferred taxation is provided for short-term timing differences and the accrued income liability within the portfolio valuation.

(ii) Provision is not made for advance corporation tax payable in respect of the final dividend if it is considered that this will be fully relieved within one year.

(iii) Provision is made, or credit taken, in the capital reserve for any tax liability or relief arising under the Accrued Income Scheme.

(e) CAPITAL RESERVE

Gains and losses on realisation of investments and realised exchange differences are dealt with in this reserve.

(f) UNREALISED APPRECIATION

Unrealised appreciation represents the amount by which the market value of assets less liabilities exceeds the book value.

2 INCOME FROM INVESTMENTS

	1992 £'000	1992 £'000	1991 £'000	1991 £'000
DIVIDENDS FROM INVESTMENTS				
LISTED INVESTMENTS				
Franked investment income	5,355		5,102	
Unfranked investment income	4,606		4,027	
		9,961		9,129
UNLISTED INVESTMENTS				
Unfranked investment income		10		2
		9,971		9,131
INTEREST FROM INVESTMENTS				
LISTED INVESTMENTS				
Unfranked investment income		1,328		1,959
UNLISTED INVESTMENTS				
Unfranked investment income		15		14
		11,314		11,104

Notes to Accounts

CONTINUED

	1992 £'000	1991 £000
3 INTEREST RECEIVABLE AND OTHER INCOME		
Income from deposits:		
United Kingdom	2,404	2,436
Other countries	143	461
Underwriting commissions	35	71
	2,582	2,968
4 INTEREST PAYABLE		
Debentures:		
repayable in over 5 years	4,400	4,400
repayable in less than 5 years	–	10
	4,400	4,410
5 ADMINISTRATIVE EXPENSES		
General administrative expenses	1,463	1,498
Directors' fees	38	38
Auditor's remuneration	6	6
	1,507	1,542

General administrative expenses include management remuneration of £1,016,000 (£1,035,000), the basis of which is described in note 20.

The Chairman's emoluments amounted to £10,000 (£10,000). The four other directors each received fees in the range £5,001–£10,000 (£5,001–£10,000).

	1992 £'000	1991 £000
6 TAX ON REVENUE FROM ORDINARY ACTIVITIES		
Corporation tax charge for the year at 33% (34%)	864	1,072
Relief for overseas taxation	(470)	(483)
Deferred taxation	22	(32)
	416	557
Overseas withholding taxes	470	483
Tax on franked investment income	1,339	1,275
	2,225	2,315

7 ORDINARY DIVIDENDS			1992 £'000	1991 £000
Interim dividend per ordinary share	2·00p	2·00p	1,552	1,552
Proposed final dividend per ordinary share	4·70p	4·70p	3,647	3,647
	6·70p	6·70p	5,199	5,199

8 EARNINGS PER ORDINARY SHARE

The calculation of earnings per share is based on the revenue from ordinary activities after taxation available for ordinary shareholders of £5,764,000 (£5,805,000) and the 77,592,000 (77,592,000) shares in issue.

Notes to Accounts

CONTINUED

	1992 £'000	1991 £'000
9 FIXED ASSETS – INVESTMENTS		
Listed at market value		
In Great Britain	121,994	122,790
Overseas	207,645	200,469
Unlisted – Warrants	194	1,720
Others at Directors' valuation	630	750
	330,463	325,729
Value of investments held at 1st May 1991	325,729	318,274
Unrealised appreciation at 1st May 1991	(54,907)	(53,672)
Cost of investments held at 1st May 1991	270,822	264,602
Additions at cost	112,692	194,908
Disposals at cost	(106,851)	(188,688)
Cost of investments held at 30th April 1992	276,663	270,822
Unrealised appreciation at 30th April 1992	53,800	54,907
Value of investments held at 30th April 1992	330,463	325,729

	1992 £'000	1991 £'000
10 DEBTORS		
Due within one year:		
Dividends accrued	123	16
UK and withholding taxes deductible therefrom	(31)	(4)
	92	12
Sales for subsequent settlement	485	4,405
Taxation recoverable	337	266
Other debtors	513	376
Due after more than one year:		
Deferred taxation (note 14)	466	96
	1,893	5,155

	1992 £'000	1991 £'000
11 CURRENT ASSETS – INVESTMENTS		
Temporary deposits:		
United Kingdom	39,078	27,769
Other countries	323	801
	39,401	28,570

	1992 £'000	1991 £'000
12 CREDITORS		
Amounts falling due within one year:		
Bank overdraft	223	356
Purchases for subsequent settlement	8,296	3,254
Other creditors	2,282	2,251
Proposed final dividend	3,647	3,647
	14,448	9,508

Notes to Accounts

CONTINUED

	1992 £'000	1991 £'000
13 **CREDITORS**		
Amounts falling due after more than one year:		
Debenture stocks:		
(repayable in over five years)		
11% First debenture stock 2012	40,000	40,000

The debenture stock is secured by a floating charge over the assets of the Company, and can be redeemed in whole or in part on any interest date at three months' notice from the Company on or after the interest date five years before the final date of redemption.

The debenture stock is not redeemable in instalments.

	1992 £'000	1991 £'000
14 **DEFERRED TAX**		
Attributable to short term timing differences	571	594
Attributable to Accrued Income Scheme liability	(105)	(498)
Debtor balance (note 10)	466	96

	1992 £'000	1991 £'000
15 **CALLED UP SHARE CAPITAL**		
Authorised, allotted, issued and fully paid		
Ordinary shares — 77,592,000 shares of 25p each	19,398	19,398

	1992 £'000	1991 £'000
16 **CAPITAL RESERVE**		
At 1st May 1991	222,121	211,298
Net gains on listed investments sold during year	10,074	15,728
Net loss on unlisted investments sold during year	(2,160)	(1,320)
Dividends written back	—	21
Net loss on currency exchange during year	(93)	(2,221)
Investments written off	—	(855)
Distribution received on investments previously written off	6	—
Accrued Income Scheme	58	(530)
At 30th April 1992	230,006	222,121

This reserve is not distributable.

	1992 £'000	1991 £'000
17 **UNREALISED APPRECIATION**		
At 1st May 1991	54,907	53,672
Movement in year	(1,107)	1,235
At 30th April 1992	53,800	54,907

The unrealised appreciation on investments of £53·8m comprises an appreciation of £55·2m on listed investments and a depreciation of £1·4m on unlisted investments.

This reserve is not distribu

18 **COMMITMENTS AND CONTINGENCIES**

There were no contingent liabilities in respect of uncalled capital on investments (30.4.91—nil).

Notes to Accounts

CONTINUED

19 DIRECTORS' INTERESTS IN CONTRACTS

No director has a contract of service with the Company.

During the year no director was interested in any other contract or matter requiring disclosure under S.232 of the Companies Act 1985.

20 MANAGEMENT AGREEMENT

Baillie Gifford & Co are employed by the Company as Managers and Secretaries under a management agreement. Their fee is 0·0875% of the total assets less current liabilities per quarter. This is extended to the investments in BG Pacific, BG Japan and the Baillie Gifford Japan Fund and the charges within the Unit Trusts are rebated to Monks. For the year to 30th April 1992, the net fee, calculated on this basis, was £1,016,000 (£1,035,000). The agreement is terminable on not less than three years' notice, or on shorter notice in certain circumstances.

Record of Revenue and Capital

CAPITAL

At 30th April	Total assets £000	Debenture stocks (1) and Bank loans £000	Net assets available for ordinary shareholders £000	Net asset value per 25p share p
1982	81,202	4,750	76,452	98·5
1983	123,021	12,285	110,736	142·7
1984	156,408	12,990	143,418	184·8
1985	155,182	900	154,282	198·8
1986	200,958	650	200,308	258·2
1987	265,595	25,650	239,945	309·2
1988	232,285	25,650	206,635	266·3
1989	292,519	40,500	252,019	324·8
1990	337,320	40,000	297,320	383·2
1991	349,984	40,000	309,984	399·5
1992	**357,327**	**40,000**	**317,327**	**409·0**

REVENUE

Year to 30th April	Gross income £000	Available for ordinary shareholders £000	Earnings per ordinary 25p share net p	Dividend per ordinary 25p share net p
1982	3,594	1,692	2·18	2·40
1983	3,932	1,739	2·24	2·40
1984	4,320	1,667	2·15	2·40
1985	4,122	1,736	2·24	2·40
1986	3,722	2,058	2·65	2·60
1987	5,013	2,389	3·08	2·60
1988	7,304	2,540	3·27	3·00
1989	10,186	3,716	4·79	4·50
1990	12,673	5,052	6·51	6·00
1991	14,072	5,805	7·48	6·70
1992	**13,896**	**5,764**	**7·43**	**6·70**

TOTAL RETURN

Year to 30th April	Total return on net asset value (2) %
1982	1·3
1983	48·4
1984	31·9
1985	9·4
1986	31·7
1987	21·3
1988	(12·5)
1989	24·2
1990	20·4
1991	6·6
1992	**4·6**

Notes 1 The debenture stocks are deducted at par value.

2 This shows the percentage by which the net asset value at the year end, plus the gross dividend paid for the year, is greater or less than the net asset value at the previous year end.

List of Investments

at 30th April 1992

			Market value £000	%
		UNITED KINGDOM		
Building and construction	Persimmon	Housebuilder	2,754	
	Spring Ram	Manufacturer and distributor of home improvement products	2,602	
	Wilson Connolly	Housebuilder	4,040	
	Wolseley	Builders merchant	2,253	
			11,649	3·4
Miscellaneous: Capital goods	§ BTR	Industrial holding company	1,190	
	Williams Holdings	Industrial holding company	2,070	
			3,260	0·9
Breweries and distilleries	Bass	Brewing and hotels	3,169	
	Grand Metropolitan	Spirits and food	4,331	
	Guinness	Brewing and distilling	4,796	
			12,296	3·4
Food	United Biscuits	Food manufacturer	3,304	0·9
Hotels and leisure	Compass Group	Catering and hospitals	2,898	
	‡ Ladbroke Group	Hotels, betting, retailing, property	4,083	
			6,981	2·0
Printing, publishing and advertising	† NMC Group	Packaging	1,300	
	Michael Page	Recruitment agency	385	
	Pearson	Conglomerate with media interests	4,465	
	St Ives	Printing	2,422	
	‡ United Newspapers	Converts into Reuters (information technology)	3,655	
			12,227	3·4
Retail trade	Albert Fisher	Food distribution	1,908	
	Dunhill	Luxury goods retailer	2,447	
	Wm. Morrison	Food retailer	4,804	
	‡ J. Sainsbury	Food retailer	7,430	
	Tesco	Food retailer	4,910	
			21,499	6·0
Chemicals	British Vita	Polymer manufacturer and processor	2,583	0·7
Oil and gas	Shell Transport & Trading	International oil company	4,594	1·3
Office equipment and electronics	Bowthorpe Holdings	Electricals holding company	1,602	
	Diploma	Building products, distributor of electronic components	3,415	
	Electrocomponents	Distributor of electronic components	2,965	
	† Erskine House	Office equipment distributor	1,500	
	Vodafone	Mobile telecommunications services	2,000	
			11,482	3·2
Transport	BAA	Airport operator	3,382	
	British Airways	Airline	1,728	
			5,110	1·4
Utilities	British Telecom	Telephone utility	1,225	
	National Power	Power generator	3,920	
	Southern Water	Water company	3,654	
			8,799	2·5
Miscellaneous: Other groups	* Granville Venture Capital	Venture capital fund	16	
	Hanson	Industrial holding company	4,016	
			4,032	1·1

(* denotes unlisted security)
(† denotes holding partly or wholly in convertible preference stock)
(‡ denotes holding partly or wholly in convertible loan stock)
(§ denotes holding partly or wholly in warrants)

List of Investments

CONTINUED

			Market value £000	%
Banks	Lloyds Bank	Banking	3,663	1·0
Insurance: Life	Legal & General	Life assurance	2,175	
	Prudential Corporation	Life assurance	3,952	
			6,127	1·7
Insurance: Brokers	Willis Corroon	Insurance broker	1,072	0·3
Land and property	† Dares Estates	Property	124	
	‡ Land Securities	Property	3,112	
			3,236	0·9
Other financial	ECI Investments	Investment holding company	96	–
	TOTAL UNITED KINGDOM EQUITIES		122,010	34·1

AMERICA

			Market value £000	%
Food	Pepsico	Soft drinks, snack foods and restaurants	3,702	1·1
Healthcare	Merck	Pharmaceuticals	2,451	
	Pfizer	Pharmaceuticals	2,216	
			4,667	1·3
Retail trade	Dillard Department Stores	Department stores	3,226	
	May Department Stores	Department stores	1,889	
			5,115	1·4
Tobacco	Philip Morris	Tobacco, food and beer	6,583	1·8
Oil and gas	Amerada Hess	Integrated oil company	3,132	
	Barrett Resources	Oil and gas exploration	828	
	Phillips Petroleum	Integrated oil company	2,804	
			6,764	1·9
Office equipment and electronics	* ACS Communications	Telecommunications equipment	79	
	*‡ Integral Systems	Payroll and personnel software	190	
	* Oxford Venture	Venture capital fund	345	
			614	0·2
Utilities	Telefonos de Mexico	Mexican telephone utility	2,042	0·6
Insurance: Composite	*Ambac*	Municipal bond insurance	1,801	0·5
	TOTAL AMERICAN EQUITIES		31,288	8·8

CONTINENTAL EUROPE

			Market value £000	%
Building and construction	Cementia	Cement manufacturer – Switzerland	712	
	Legris	Construction equipment – France	3,579	
			4,291	1·2
Heavy electrical and telecommunications	Alcatel Alsthom	Electricals and telecommunications – France	5,012	
	Alcatel Cable	Cable manufacturer – France	2,838	
	Bobst	Packaging machinery – Switzerland	1,448	
	Brown Boveri	Electricals and telecommunications – Switzerland	3,236	
	Legrand	Electricals – France	4,030	
	Siemens	Electricals and telecommunications – Germany	1,782	
	Teleco Cavi	Cable manufacturer – Italy	2,391	
			23,737	6·6

(* denotes unlisted security)
(† denotes holding partly or wholly in convertible preference stock)
(‡ denotes holding partly or wholly in convertible loan stock)

List of Investments

CONTINUED

			Market value £'000	%
Miscellaneous: Capital goods	Arbed	Steel – Luxembourg	1,573	
	Begemann	Capital goods – Netherlands	1,856	
	GEA	Industrial equipment – Germany	3,220	
	Hertel	Machine tools – Germany	408	
	Kloeckner-Werke	Steel and industrial machinery – Germany	2,453	
	Krones	Bottling machinery – Germany	2,136	
	KSB	Pump manufacturer – Germany	3,259	
	Mannesmann	Heavy capital goods – Germany	4,417	
	Sandvik	Metal forming – Sweden	4,111	
	‡ SASIB	Food packaging and railway equipment – Italy	4,071	
			27,504	7·7
Motors and distributors	Daimler-Benz	Motors – Germany	4,005	1·1
Healthcare	Astra	Pharmaceutical manufacturer – Sweden	5,479	
	Gehe	Pharmaceutical distributor – Germany	4,928	
			10,407	2·9
Printing, publishing and advertising	Elsevier	Specialist publishing – Netherlands	3,672	1·0
Retail trade	Asko	Stores – Germany	1,657	
	Castorama Dubois	DIY stores – France	3,790	
	Comptoirs Modernes	Supermarkets – France	2,825	
			8,272	2·3
Miscellaneous: Consumer goods	Escada	Fashion knitwear – Germany	1,595	
	Jean Pascale	Clothes retailer – Germany	479	
			2,074	0·6
Miscellaneous: Other groups	AGIV	Industrial holding company – Germany	2,973	
	Hapag Lloyd	Shipping and tourism – Germany	1,341	
	Securitas	Security services – Sweden	1,579	
			5,893	1·6
Banks	BHF Bank	Banking – Germany	3,560	
	Creditanstalt	Banking – Austria	1,967	
			5,527	1·6
Land and property	Wuensche	Property – Germany	2,700	0·8
Other financial	IDIA	Development capital for food businesses – France	2,458	
	‡ Investor	Holding company – Sweden	2,487	
			4,945	1·4
	TOTAL CONTINENTAL EUROPEAN EQUITIES		103,027	28·8

JAPAN

Building and construction	§ Sumitomo Forestry	Traditional wooden houses	194	0·1
Miscellaneous. Other groups	Fuji Photo Film	Photographic film	6	–
Other financial	BG Japan Unit Trust	Unit trust	4,847	
	Baillie Gifford Japan Fund	Unit trust	11,318	
			16,165	4·5
	TOTAL JAPANESE EQUITIES		16,365	4·6

SOUTH EAST ASIA

Building and construction	Siam Cement	Cement and building materials – Thailand	1,394	0·4
Retail trade	Dickson Concepts	Wholesaler and retailer of luxury goods – Hong Kong	1,394	0·4

(‡ denotes holding partly or wholly in convertible loan stock)
(§ denotes holding partly or wholly in warrants)

List of Investments

CONTINUED

				Market value £'000	%
Tobacco	Rothmans Malaysia	Tobacco company – Malaysia		1,159	0·3
Utilities	China Light and Power	Electricity utility – Hong Kong		3,605	
	Hong Kong and China Gas	Town gas utility – Hong Kong		647	
	Hong Kong Telecom	Telephone utility – Hong Kong		2,695	
	‡ Telekom Malaysia	Telephone utility – Malaysia		6,005	
				12,952	3·6
Miscellaneous: Other groups	Hutchison Whampoa	Property and industrial conglomerate – Hong Kong		5,440	
	§ Keppel	Ship repairs and property – Singapore		3,478	
	Singapore Airlines	International airline – Singapore		3,394	
				12,312	3·4
Banks	Hang Seng Bank	Bank – Hong Kong		1,539	
	OCBC	Bank – Singapore		2,959	
				4,498	1·2
Land and Property	Amoy Properties	Commercial property investment – Hong Kong		1,671	0·5
Other financial	BG Pacific	Unit trust		20,973	
	Thailand International Fund	Investment fund – Thailand		1,420	
				22,393	6·3
	TOTAL SOUTH EAST ASIAN EQUITIES			57,773	16·1
	Value of equity stocks		302,145		
	Convertible loan stock having an element of equity		20,532		
	Convertible preference stock having an element of equity		2,924		
	Warrants having an element of equity		4,862		
TOTAL INVESTMENTS				330,463	92·4
NET LIQUID ASSETS				26,864	7·6
TOTAL ASSETS AT MARKET VALUE (before deduction of prior charges)				357,327	100·0

(‡ denotes holding partly or wholly in convertible loan stock)
(§ denotes holding partly or wholly in warrants)

Further Shareholder Information

The Company's shares are traded on the Stock Exchange. They can be bought by investors either placing an order with a stockbrocker or asking a professional adviser, e.g. lawyer, accountant or bank manager, to do so on their behalf. They are also available through The Baillie Gifford Investment Trust Savings Scheme referred to on page 2. The price of the shares is quoted daily in the *Financial Times, Daily Telegraph, The Scotsman, The Herald, The Independent* and *The Times.*

Ordinary shareholders receive two dividends in respect of each financial year ending on 30th April. An interim dividend is paid in February, and a final one in August. Shareholders are welcome at the Annual General Meeting of the Company to be held on Tuesday, 28th July 1992.

For capital gains tax purposes the market value of the ordinary shares of the Company as at 31st March 1982, for indexation purposes, was 70·5p.

Analysis of Shareholders

At 30th April 1992, the ordinary shareholdings are analysed as follows:

	Shareholders		Ordinary shares held	
	Number	%	Number	%
Individuals	5,127	82·2	12,302,451	15·9
Insurance Companies	50	0·8	12,796,371	16·5
Banks and Nominee Companies	724	11·6	43,588,431	56·2
Investment Trusts	10	0·2	89,468	0·1
Pension Funds	8	0·1	2,123,018	2·7
Other holders	315	5·1	6,692,261	8·6
	6,234	100·0	77,592,000	100·0

Notice

OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixty third Annual General Meeting of The Monks Investment Trust PLC will be held at the offices of Baillie Gifford & Co., 8th Floor, Brettenham House, 6 Lancaster Place, London WC2 7EN, on Tuesday, 28th July 1992 at 10.30 a.m. for the following purposes:

To approve the Accounts of the Company for the year to 30th April 1992 with the reports of the directors and of the auditor thereon, and to declare a dividend.

To re-elect directors.

To re-appoint Coopers & Lybrand as registered auditor.

To authorise the directors to fix the remuneration of the auditor.

By Order of the Board.

BAILLIE GIFFORD & Co.
Managers and Secretaries
26th June 1992

Notes

1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A Form of Proxy is enclosed.

2 Only holders of ordinary shares are entitled to attend or be represented at the meeting.

3 No director has a contract of service with the Company.

THE MONKS INVESTMENT TRUST PLC

Form of Proxy

I/We ______________________________

of ______________________________

being a Member(s) of the above-named Company, hereby appoint the Chairman of the Meeting, or ______________________________ (see Note 2)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 28th July 1992, and at any adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast. In any case where no indication is given the proxy will vote or abstain as he thinks fit.

RESOLUTIONS	FOR	AGAINST
To approve the report of the Directors and the accounts for the year ended 30th April 1992 and to declare a dividend.		
To re-elect Sir Dermot de Trafford, Bt as a director.		
To re-elect Mr CKR Nunneley as a director.		
To re-appoint Coopers & Lybrand as registered auditor.		
To authorise the Directors to fix the remuneration of the auditor.		

Signature ______________________________

Dated this ______________ day of ______________ 1992.

Notes

1. *In the case of joint holders the vote of the senior who tenders a vote will be accepted.*
2. *A member may appoint a proxy of his own choice by deleting the reference to the Chairman of the Meeting and inserting the name of his proxy in the space provided. A proxy need not be a member of the Company but must attend the meeting in person to represent the member*
3. *An instrument appointing a proxy by a corporation must be given under its common seal or signed by an officer or attorney on its behalf.*
4. *An instrument appointing a proxy must be lodged with the Registrar of the Company not less than 48 hours before the time of the meeting, and in default will not be treated as valid*