SIGNED COPY

1091347

Consolidated Venture Trust plc

Report and Accounts 1991

OBJECTIVE OF THE COMPANY

The objective of the Company is to provide capital appreciation through a portfolio of listed and unlisted companies based predominantly in North America or with substantial operations in that area.

Front cover:
The front cover depicts health care services being provided by America Service Group to the prison industry. It is anticipated that this company will receive a listing during the course of the current year.

Consolidated Venture Trust plc

Contents

Management and Auditors

DIRECTORS

The Rt. Hon. Lord Stevens of Ludgate (Chairman)

joined the Board in 1974 and was appointed Chairman in 1979. He is Chairman of INVESCO MIM PLC, INVESCO MIM Management Limited, United Newspapers plc, Alexander Proudfoot Plc and several other companies.

Christopher H. B. Mills

joined the Board in 1984. He is a Director of American Business Systems PLC, Leveraged Opportunity Trust PLC, Alexander Proudfoot PLC, Growth Investment Management Limited and several other companies.

Douglas P. C. Nation

joined the Board in 1984. He is the Senior Managing Director of Bear Stearns & Co. Inc.

Sir Derek Palmar

joined the Board in 1984. He was Chairman of Bass PLC from 1976 to 1987 and is a Chairman and Director of several other public companies.

Robert D le P. Power

joined the Board in 1984. He is a Managing Director of Hambrecht & Quist.

MANAGERS AND SECRETARIES

INVESCO MIM Management Limited is a major subsidiary of INVESCO MIM PLC. The Group manages over £25 billion on behalf of both institutional and private clients. Its worldwide activities include investment management and advice for pension funds, unit trusts, investment trusts and offshore funds.

INVESCO MIM Management Limited is a member of IMRO.

REGISTERED OFFICE

11 Devonshire Square London EC2M 4YR
071-626 3434

REGISTRARS

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

AUDITORS

Coopers & Lybrand Deloitte
Plumtree Court
London EC4A 4HT

A member of The Association of Investment Trust Companies

The Year in Brief

	1991	1990
Revenue		
Gross income (£'000)	582	761
Net deficit after taxation (£'000)	48	16
Loss per Ordinary Share	0.450p	0.156p
Dividend per Ordinary Share proposed	—	0.10p
Assets		
Based on valuation of fixed asset investments as shown in the consolidated balance sheet:		
Total assets less current liabilities (£'000)	22,550	32,177
Net asset value per Ordinary Share	211½p	302p*

*Adjusted for "Series 100" warrants cancelled and exercised

	1991	1990
Middle market quotation: Ordinary Shares		
31st January	149½p	259p
Highest during year to 31st January	259p	339p
Lowest during year to 31st January	149p	252p
Middle market quotation: "Series 120" Warrants		
31st January	70p	170p
Highest during year to 31st January	170p	250p
Lowest during year to 31st January	70p	145p

Capital Gains Tax

The market valuation of the Company's 10p Ordinary Shares at 31st March 1982, adjusted for the scrip issue of "Series 120" warrants in March 1984, was 51.4p.

Savings Scheme

The INVESCO MIM Investment Trust Savings Scheme enables individuals to buy shares in the following investment trusts:

Consolidated Venture Trust plc

Drayton Asia Trust plc

Drayton Consolidated Trust plc

Drayton English and International Trust plc

Drayton Far Eastern Trust plc

The savings scheme provides three options for investors:

1. Re-investment of dividend income
2. Regular monthly savings (minimum £25), and
3. Occasional lump sum saving (minimum £1,000).

Potential investors should note that the price of shares can go down as well as up and there is no guarantee that they will recover the sum invested in full.

The INVESCO MIM Investment Trust Savings Scheme is managed by INVESCO MIM Management Limited, a member of IMRO, which has approved the above statement.

Participants in the INVESCO MIM Investment Trust Savings Scheme will find enclosed with this Report a blue form for voting instructions. This should be completed (instead of the form of proxy) in respect of shares held through the scheme.

Financial Calendar

Results	Quarterly announced June, September and December Full year announced March
Quarterly Reports	June, September and December
Report and Accounts for the year	March
Annual General Meeting	April

Chairman's Statement

The Year's Results

During the year to 31st January 1991, the net asset value of your Company, adjusted for the conversion of the "Series 100" warrants, fell by 30.0 per cent. compared with a fall in the Standard & Poor's Composite Index, adjusted for sterling, of 10.7 per cent. The disappointing performance can be attributed to a number of factors. Small companies substantially underperformed the market as a whole, particularly in the United Kingdom, where many of the Company's holdings are listed. In the unquoted portfolio it was necessary to make a substantial provision against the Company's two United Kingdom investments. Finally, it was deemed prudent to write off the holding in American Distributors, as the company's principal subsidiary filed for "Chapter 11" in November. The year was not, however, devoid of success; W-H Holdings (formerly CHI Holdings) continues to perform well and the value of this holding was written up, whilst the holding in Essanelle was sold a a good profit to Alan Paul PLC.

Dividend

Net deficit after tax for the year showed a slightly larger loss of £48,000 compared to a loss of £16,000 in 1990. As a result your Directors have decided not to recommend a dividend (1990 — 0.10p).

Warrants

During the year the Company purchased for cancellation 50,000 of the "Series 100" warrants. This purchase was completed at below the fully diluted net asset value and has therefore benefited all shareholders. A further 641,443 warrants were converted into ordinary shares.

Review

The United States recession which started in late 1989 deepened during the course of 1990. Poor automotive sales, a weak housing market and a liquidity squeeze, brought on by the dismal performance of the banking industry, have all served to dampen economic prospects. The equity market had largely discounted these problems, but fell sharply after the Iraqi invasion of Kuwait, due to concern of a massive increase in the oil price, with an attendant rise in the inflation rate.

Faced with the possibility of a further weakening in the economy, the Federal Reserve has reversed the tight monetary policies of the past four years and, in a move to stem the approaching banking crisis, reduced rates by nearly 200 basis points over the past four months. Inevitably this has been at the expense of the relative value of the dollar which declined sharply against all major world currencies towards the end of 1990.

The dramatic victory of the allied armed forces against Iraq has created a revival of confidence in equities and this has had a knock on effect for the United States dollar, which has recovered marginally over the past few weeks. Nevertheless, there are as yet few signs that the optimism in the financial markets has impacted the economy as a whole. The Republicans will, however, clearly wish to present a more favourable economic environment for the electorate in 1992, so the worst is probably behind us.

During the year the Company made a major investment in United Uniform Services PLC and significantly increased its holding in Oak Industries. United Uniform through its subsidiary, Horace Small, is one of the leading providers of uniform services to police forces, fire brigades and government agencies in the United States. The company has a rapidly growing corporate business, where the largest client is Federal Express. Operating profits since the acquisition have been in line with budget and a further increase in profits is anticipated for the current year.

1990 was an excellent year for Oak. Two poorly performing divisions were sold at prices in excess of book value, whilst the new management team successfully reduced operating costs. As a result the company's balance sheet is now financially strong, with net cash of approximately one third of the share price. Although the outlook for the current year is being adversely impacted by the weakness in the economy, the company should make excellent progress.

The Company's largest holding, American Business Systems, continues to perform well, with pre-tax profits (as measured in United States dollars) up 30 per cent. for the six months to September 1990. A similar increase is anticipated for the year as a whole.

The Future

Since the beginning of the fiscal year, sentiment towards smaller companies in general has begun to improve. As a consequence a number of the Company's holdings have appreciated in value. The United States dollar which was weak in 1990, also seems to be recovering, and this will have a beneficial impact on the net asset value, if this trend is sustained over the next twelve months.

Finally, the unquoted portfolio should perform well over the coming year, as a number of holdings are either floated on the stock exchange, or sold to third parties.

STEVENS

Classification of Fixed Asset Investments at Valuation

	31st January 1991			31.1.90
	North America	United Kingdom	Total	Total
Equities	%	%	%	%
Electricals	21.4	—	21.4	18.0
Office Equipment	17.5	—	17.5	17.2
Consumer Products	10.2	—	10.2	1.6
Banking	9.7	—	9.7	8.7
Agencies	—	9.0	9.0	7.7
Building Materials	4.7	0.3	5.0	7.3
Financial Services	3.5	—	3.5	6.3
Computers	3.0	—	3.0	3.6
Chemicals and Pharmaceuticals	2.8	—	2.8	6.0
Transport and Shipping	2.4	—	2.4	2.3
Healthcare	2.2	—	2.2	1.8
Food	1.8	—	1.8	8.7
Retailing	—	0.5	0.5	3.3
Defence	—	—	—	3.7
Publishing	—	—	—	0.4
Property	—	—	—	0.3
Oil & Gas	—	—	—	0.2
	79.2	9.8	89.0	97.1
Fixed interest				
Convertibles	6.7	3.2	9.9	2.0
Other	1.1	—	1.1	0.9
TOTAL 31st January 1991	87.0	13.0	100.0	
TOTAL 31st January 1990	88.8	11.2		100.0

Fixed Asset Investments of the Group at 31st January 1991

	Twenty largest investments Equities (including convertibles and related financing)	At Valuation £'000
†	American Business Systems	3,600
	Alexander Proudfoot	1,848
	United Uniform Services	1,840
†	Mid-States	1,750
	Oak Industries	1,439
*	W-H Holdings	1,170
	Southdown	721
	West One Bancorp	661
*	American Electronic Components	651
	Leveraged Opportunity Trust	650
*	Cole-Taylor Financial Group	610
†	American Plastic Technologies	575
*	C3	555
*	Golden Era Resources	476
*	America Service Group	460
*	Montgomery Tank Lines	401
*	K. Paul's Louisiana Enterprises	381
	Sun Electric	365
	UNC Incorporated	298
	Genlyte Group	280
	Aggregate of other fixed asset investments	1,802
	Total value of all fixed asset investments	**20,533**

* Unquoted investments at Directors' valuation (see pages 8 and 9)

† At market value on the Unlisted Securities Market

Unquoted Investments Profile

		Valuation £'000
W-H Holdings (formerly CHI Holdings)	Original Cost £1,164,000	1,170

W-H expanded its operations during the course of 1990, due to two major acquisitions; Perfolog, a provider of wire-line services, and Well Safe, the second largest provider of H_2S gas monitoring services for the oil industry. The hazardous waste operations which form the base of the company also had an excellent year with profits up nearly 100 per cent. over 1989. The group is anticipating an excellent year in 1991 with operating profitability expected to rise to around US$4m. The holding is valued at approximately 4 times anticipated 1991 earnings per share.

American Electronic Components	Original Cost £780,000	651

is a medium sized manufacturer of relay switches and solenoides, based in Elkhart, Indiana. The company recently invented a new generation of "Hall-Effect" Sensors for which substantial orders have been gained. Although results in the current year are depressed, due to the weakness of the automotive market, the company's backlog has risen by nearly 700 per cent. over the last 18 months. The company is currently in negotiations which could lead to its sale in the near future.

Cole-Taylor Financial Group	Original Cost £577,000	610

is a Chicago based consumer bank. The company has grown through the acquisition of smaller banks in its area and now plans to consolidate its market position, to contain loan losses and to increase its return on assets from 0.5 per cent. to nearly 1 per cent. This plan is currently in the course of being implemented and fourth quarter profits have improved sharply. The company remains a very attractive acquisition opportunity for a bank wishing to enter the Chicago market.

C3	Original Cost £680,000	555

C3 is an integrator of other companies' computers and software systems for the military. As such it has little technological risk, acting merely as provider of other people's equipment. New management from IBM was brought in during the second half of 1990. They have substantially reduced costs and this, combined with higher sales due to the war in the Gulf, has meant that significant profitability (excluding extraordinary items) was achieved in the final quarter of 1990. Cash flow also appears to be good and the group should have eliminated all its LBO debt by the end of the current year. Profits for fiscal 1991 are expected to rise to around US$6-8m, which should provide an opportunity to either float or realise this investment at a profit.

Golden Era Resources	Original Cost £622,000	476

is a funeral home based business in Dallas, although the majority of its operations are in Miami, Florida, where it is the market leader for the Hispanic community. Profits have continued to rise from their depressed level in 1988 and the company is broadly in line with the budget for the current year.

America Service Group (formerly Prison Health Services)	Original Cost £441,000	460

was founded twelve years ago and is the largest independent company providing healthcare to the United States corrections industry. The company is expanding into total management systems and this could be a major source of growth in the near future. 1990 was an excellent year; not only were all unprofitable contracts renegotiated, but the group was successful in winning further new business of around US$15m during the year. As a result of these factors the company made profits in excess of US$2m in 1990 and it is expected that profits will rise in excess of US$4m in the current year. The company is currently in negotiations with underwriters and it is expected that an initial public offering in excess of the current valuation will occur in the next few months.

Carried forward	3,922

		Valuation £'000
Brought forward		3,922

Montgomery Tank Lines — Original Cost £454,000 — **401**

is one of the leading "Tank Line" operators in the United States. The company is conservatively managed, preferring long-term contracts with major chemical companies rather than trading in the "spot market". Although recent results have been adversely impacted by the weakness of the economy, the company has in the past two months signed significant contracts to remove hazardous waste. As a result of these contracts and in anticipation of a recovery in the economy towards the end of 1991, profitability is expected to increase significantly in the current year.

K. Paul's Louisiana Enterprises — Original Cost £524,000 — **381**

is a small manufacturer of spices and sausages as well as owning one of the most famous restaurants in the United States. The chief executive, Paul Prudhomme, is a national figure and the company's products have a high quality image. The company's performance continued to improve substantially in 1990 and is now profitable. Negotiations are currently in hand that will convert the Company's holding from an interest in the entire group to a greater interest in the spice company, which is by far the most profitable part of the business. Due to the good operating performance by the spice company over the last five years, its international expansion and the anticipation that profits will rise further in 1992, it is intended that this company will be taken public later this year.

Resource Bancshares — Original Cost £252,000 — **229**

is a bank holding company based in the south east of America. The company was formed to buy small community banks which are being divested by the super-regionals who wish to concentrate their resources in the major cities. The company has made a number of acquisitions which have generally performed well. The bank is currently profitable with good growth expected in 1991.

Walker Street Associates — Original Cost £140,000 — **127**

is a limited partnership which was formed to make an investment in National Intergroup, an industrial conglomerate with interests in steel manufacturing, drug distribution and oil transportation. A proxy battle was fought during 1990, which substantially changed the management and board of National Intergroup. As a result, National Intergroup is currently in the process of selling its operating assets with a view to maximising shareholder wealth. The partnership owns approximately 8 per cent. of the shares of National Intergroup which were purchased at around the current price.

Toddler University — Original Cost £140,000 — **112**

is a distributor of children's branded footwear for the 0-5 years age group. The company has grown very rapidly over the last three years and achieved sales of US$30m in 1990. Further strong growth is expected in 1991.

Other unquoted investments	137
Total value of unquoted investments (25.8 per cent. of total investments)	5,309

Report of the Directors for the year ended 31st January 1991

Company's business

The business of the Company is that of an Investment Trust. The Inland Revenue has approved the Company as an Investment Trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31st January 1990 and this status is expected to continue. The Company is an investment company within the meaning of Section 266 of the Companies Act 1985. The business of the Company's subsidiary is that of a finance company dealing in investments.

During the financial year under review the Board has pursued the investment policy summarised on the inside cover of this document.

Income and Corporation Taxes Act 1988

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company and there has been no change in this respect since the end of the financial year.

Revenue and dividend

	£'000
Net deficit after tax for the financial year	48

The Directors do not recommend the payment of a dividend for the year (1990 — 0.10p per share).

Share valuations

On 31st January 1991 the middle market quotation and the net asset value per 10p Ordinary Share were 149½p and 211½p respectively. The comparable figures on 31st January 1990 were 259p and 302p (adjusted for "Series 100" warrants cancelled and exercised). In calculating the net asset value per Ordinary Share no account has been taken of the possible exercise, between 1991 and 1993, of the outstanding right by holders of "Series 120" warrants to subscribe for 998,175 Ordinary Shares at 120p each.

Warrants

During the year 50,000 "Series 100" warrants were purchased for cancellation. In April 1990 640,269 "Series 100" warrants and 1,174 "Series 120" warrants were exercised at prices of 100p and 120p respectively for a total of 641,443 Ordinary Shares of 10p each. The final date for exercising the "Series 100" warrants was April 1990.

Substantial holdings in the Company

At 7th March 1991 the Company had been notified of the following holdings of 3 per cent. and over of the Company's capital carrying unrestricted voting rights:

	Ordinary Shares %
Shares managed on a discretionary basis by subsidiaries of INVESCO MIM PLC (including the holding of Drayton Consolidated Trust plc)	27.9
Drayton Consolidated Trust plc	27.5
The Equitable Life Assurance Society	17.8
Lloyds Bank Investment Managers Limited (including the holding of Lloyds Bank Pension Scheme)	12.4
Lloyds Bank Pension Scheme	11.2
Legal & General Assurance Society Limited	7.0
London and Manchester Group plc	5.8
Co-operative Insurance Society Limited	3.8
Merchant Investors Assurance Co. Limited	3.1

Directors

The present members of the Board, all of whom served throughout the year, are listed on page 2.

The Director retiring by rotation is Mr. Christopher H. B. Mills who, being eligible, offers himself for re-election.

Mr. Mills does not have a service contract with the Company.

The interests of the Directors in the share capital of the Company at 31st January 1991 are set out below; corresponding amounts at 1st February 1990 are also shown.

	31st January 1991 Ordinary Shares	1st February 1990 Ordinary Shares
C. H. B. Mills	5,500*	5,500*
	65,000	65,000
D. P. C. Nation	10,000	—
Sir Derek Palmar	1,000	1,000

	31st January 1991 Series 100 warrants	31st January 1991 Series 120 warrants	1st February 1990 Series 100 warrants	1st February 1990 Series 120 warrants
Lord Stevens	—	5,000	—	5,000
D. P. C. Nation	—	20,000	10,000	20,000

*Non-beneficial interest.

Mr. Christopher H. B. Mills has options to subscribe for Ordinary Shares as detailed in note 10(b) on page 17.

No changes in the above interests occurred between 31st January 1991 and 1st March 1991.

Lord Stevens is Chairman and a shareholder of INVESCO MIM PLC and Chairman of its subsidiary INVESCO MIM Management Limited which acts as the managers and secretaries of the Company.

The managers may from time to time purchase and sell investments through City Merchants Investment Management Limited, which is also a wholly owned subsidiary of INVESCO MIM PLC.

Both Bear Stearns & Co. Inc., of which Mr. Douglas P. C. Nation is the Senior Managing Director and Hambrecht & Quist, of which Mr. Robert D. le P. Power is a Managing Director, are U.S. investment banks through which the Company may purchase and sell investments from time to time.

Mr. Christopher H. B. Mills is a Director and shareholder of Growth Investment Management Limited which acts as investment adviser to the managers of Consolidated Venture Trust plc and for which a fee is payable.

Save as aforesaid, no Director was a party to or had an interest in any contract or arrangement with the Company at any time during the year.

Movements on fixed assets

The movement on investments held as fixed assets is set out in note 8(a) on page 15.

Auditors

A resolution to re-appoint Coopers & Lybrand Deloitte as the Company's auditors will be proposed at the annual general meeting.

By order of the Board
INVESCO MIM Management Limited

Secretaries

11 Devonshire Square
London EC2M 4YR
18th March 1991

Analysis of Ordinary Shareholders at 31st January 1991

	Number of Shareholders	1990	Number of Shares	1990	Percentage of Ordinary Shares in issue	1990
Insurance companies	18	17	4,180,889	3,408,558	39.2	34.0
Investment and unit trusts	11	9	3,303,200	3,422,165	31.0	34.2
Pension funds	3	7	1,499,000	1,939,000	14.1	19.4
Other institutional holdings	19	19	416,143	327,288	3.9	3.3
Nominee holdings of less than 1% of Ordinary Shares in issue	47	54	260,656	135,507	2.4	1.3
	98	106	9,659,888	9,232,518	90.6	92.2
Individual holdings	289	274	997,706	783,633	9.4	7.8
	387	380	10,657,594	10,016,151	100.0	100.0

Consolidated Revenue Account for the year ended 31st January 1991

	Notes	£'000	£'000	1990 £'000	1990 £'000
Income from fixed asset investments	(2)				
Franked investment income		373		209	
Unfranked investment income — dividends		188		286	
interest		89		101	
			650		596
Other interest receivable and similar income					
Deposit interest		254		177	
Underwriting commissions		23		9	
Investment dealing losses of subsidiary		(345)		(21)	
			(68)		165
Gross income			582		761
Expenses and interest					
Administrative expenses	(3)	540		682	
Interest payable	(4)	50		6	
			590		688
Net (deficit) revenue before tax			(8)		73
Tax on net revenue from ordinary activities	(5)		40		89
Net deficit after tax for the financial year	(6)		(48)		(16)
Dividend					
Ordinary Shares					
Proposed final of nil per Share (1990 = 0.10p)			—		10
Net deficit retained					
The Company		(48)		(26)	
Subsidiary company		—		—	
			(48)		(26)
Revenue reserves at 31st January 1990			302		328
Revenue reserves as stated in Balance Sheet			254		302
Loss per Ordinary Share of 10p	(7)		0.450p		0.156p

The notes on pages 14 to 17 form part of these accounts

Balance Sheets at 31st January 1991

	Notes	Group £'000	1990 Group £'000	Company £'000	1990 Company £'000
Fixed assets					
Investments	(8)	20,533	30,252	20,533	30,252
Current assets					
Debtors	(9)	248	266	3,073	697
Investments of dealing subsidiary (market value £338,000 (1990 – £412,000))		336	412	—	—
Cash at bank and in hand		3,068	1,373	578	1,352
		3,652	2,051	3,651	2,049
Creditors: amounts falling due within one year:					
Bank overdrafts		1,526	—	1,526	—
Accruals and deferred income		109	116	108	114
Proposed final dividend on Ordinary Shares		—	10	—	10
		1,635	126	1,634	124
Net current assets		2,017	1,925	2,017	1,925
Total assets less current liabilities		22,550	32,177	22,550	32,177
Capital and reserves					
Called up share capital	(10)	1,066	1,002	1,066	1,002
Share premium account	(11)	9,060	8,542	9,060	8,542
Unrealised (depreciation) appreciation of investments	(11)	(5,970)	2,906	(5,970)	2,906
General capital reserve	(11)	18,140	19,425	18,140	19,425
		21,230	30,873	21,230	30,873
Revenue reserves		254	302	254	302
		22,550	32,177	22,550	32,177

Stevens
J. P. C. Nettin } Directors, signed 18th March 1991

The notes on pages 14 to 17 form part of these accounts

Notes to the Accounts

1. Accounting policies

The principal accounting policies adopted by the Group are as follows:

(a) All dividends and any related tax credits are taken to account as and when such dividends become payable; other income from investments is taken to account in the same way.

(b) Deposit interest receivable, expenses and interest payable are taken to account on an accrual basis.

(c) Investments are included in the balance sheet on the basis set out in note 8(c). Any profits or losses (including currency movement) arising on the disposal of fixed asset investments are taken direct to capital reserves. Profits or losses on disposal of investments held as current assets are taken direct to revenue account.

(d) Transactions in a foreign currency, whether of a revenue or capital nature, are translated to 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.

(e) Provision in the revenue account for advance corporation tax ("ACT") on any dividends paid or proposed in the accounts is made only to the extent that such ACT is considered to be irrecoverable and any current liability to pay ACT on dividends proposed, together with the deferred asset for its expected recovery, is excluded from the balance sheet.

(f) The consolidated accounts incorporate the results of Consolidated Venture Trust plc and its subsidiary company Consolidated Venture Finance Limited for the year. A separate revenue account for the Company, excluding its subsidiary, has not been included as permitted by Section 228(7) of the Companies Act 1985.

2. Income from fixed asset investments

Income from investments was derived from:	£'000	1990 £'000
Listed investments	301	275
Unlisted investments	349	321
	650	5[illegible]

3. Administrative expenses

	£'000	1990 £'000
Management fee (see (i) below)	322	310
Special performance fee (see (ii) below)	—	170
General expenses	187	173
Directors' fees (see (iii) below)	21	21
Auditors' remuneration	10	8
	540	682

(i) INVESCO MIM Management Limited acts as managers and secretaries to the Company under an agreement dated 19th March 1984 which is terminable by either party at one year's notice. The current management fee is based on 1.0 per cent. of total assets less current liabilities of the previous year's audited annual accounts.

(ii) The special performance fee is based on the formula agreed by the shareholders at an Extraordinary General Meeting of the Company held on 2nd March 1984, as amended by a supplemental agreement dated 24th June 1986. Based on unaudited figures at 28th February 1991 it is unlikely that a fee will become payable for the year to 31st March 1991, being the next reference period for calculation of this fee.

3. Admin[...]strative expenses — continued

		1990
(iii) P[...]articular of Directors' fees:	£'000	£'000
C[...]hairman — Lord Stevens	5	5
O[...]ther Directors		
[...]Not more than £5,000 — four (1990 — four) Directors	16	16
	21	21

The balance [...] of Directors' fees authorised by the Articles of Association but waived by the Directors amounted to £4,000 (1990 — £4[...]000).

4. Interest [...] payable

Interest pay[...]able represents interest on unsecured bank overdrafts during the year.

5. Taxatio[...]n

		1990
	£'000	£'000
(a) Tax cre[...]dits on franked investment income	93	49
Less: R[...]ecoverable under section 242 In[...]come and Corporation Taxes Act 1988	84	—
	9	49
Oversea[...]s tax	27	40
Prior y[...]ear tax adjustment	4	—
	40	89

(b) There i[...] no liability to corporation tax for the year ended 31st January 1991 (1990 — Nil).

6. Net def[...]cit after tax for the financial year

£48,000 defi[...]cit has been dealt with in the accounts of the Company (1990 — net deficit £21,000).

7. Loss pe[...]r Ordinary Share

The loss per [...] Ordinary Share is calculated on losses of £48,000 (1990 — loss of £16,000) and 10,657,594 shares in issue during the y[...]ear ended 31st January 1991 (1990 — 10,016,151).

8. Investm[...]ents

(a) Movem[...]ents on investments held as fixed assets

	Group	1990 Group	Company	1990 Company
	£'000	£'000	£'000	£'000
Valuati[...]on at 31st January 1990	30,252	28,489	30,252	28,489
Additio[...]ns at cost	7,000	18,243	7,000	18,243
Disposa[...]ls at cost	(7,843)	(15,681)	(7,843)	(15,681)
	29,409	31,051	29,409	31,051
Increas[...] in unrealised depreciation transferred to ca[...]pital reserves (see note 11)	(8,876)	(799)	(8,876)	(799)
Valuati[...]on at 31st January 1991	20,533	30,252	20,533	30,252

Notes to the Accounts — continued

8. Investments — continued

(b) Analysis of investments held as fixed assets

	Group £'000	1990 Group £'000	Company £'000	1990 Company £'000
Shares in group company at cost	—	—	—	—
Other investments				
Listed at market value:				
In North America	4,856	10,486	4,856	10,486
In Great Britain	4,443	2,418	4,443	2,418
Unlisted at market value	5,925	10,079	5,925	10,079
Unlisted at Directors' valuation:				
In equity share capital	5,167	7,094	5,167	7,094
In other investments	142	175	142	175
	20,533	30,252	20,533	30,252

The Company owns all the issued share capital, consisting of 2 Ordinary Shares of £1 each, of Consolidated Venture Finance Limited, a company incorporated and operating in Great Britain.

(c) Basis of valuation

(i) **Listed—on a recognised stock exchange**
Overseas securities have been valued at market prices and exchange rates ruling at the close of business on 31st January 1991 and U.K. listed investments have been valued at middle market quotations at the same date.

(ii) **Unlisted**
Unlisted investments have been included at market prices ruling at the close of business on 31st January 1991 where an organised market in such investments exists; other unlisted investments have been included at Directors' valuation based on the most recent accounts having regard to the net assets or earnings of the individual companies and by reference to transaction prices where appropriate.

(iii) **Investments held as current assets**
Investments held as current assets have been included in the accounts on an individual basis at the lower of cost and market value.

(d) Holdings in excess of 10 per cent.

(i) The Company holds 10 per cent. or over of the equity, or class of equity indicated, of the following companies:

	%
Incorporated in Great Britain:	
American Electronic Components Limited (Ordinary)	12.5
Incorporated in the U.S.:	
K. Paul's Louisiana Enterprises (Convertible Preferred)	37.5
America Service Group (Class 1 Series 'A' Preferred)	32.4
C3 ('B' Non-voting)	19.7
Golden Era Resources (Series 'D' Preferred)	18.0
Montgomery Tank Lines ('B' Convertible Preferred)	13.4

(ii) The holding in American Business Systems represented 17.5 per cent. of the fixed asset investments of the Company at 31st January 1991.

(e) Registration of investments

The investments of the Company are registered in the name of nominees of and held to the order of nominees of INVESCO MIM Management Limited, the Company's managers and secretaries, and are not registered in the name of the Company.

9. Debtors

	Group £'000	1990 Group £'000	Company £'000	1990 Company £'000
Trade debtors	18	109	18	109
Amount owed by subsidiary company	—	—	2,861	436
Taxation recoverable	156	134	151	129
Prepayments and accrued income	74	23	43	23
	248	266	3,073	697

10. Called up share capital

	Authorised £'000	Allotted and Fully paid £'000	Allotted and Fully paid 1990 £'000
10,657,594 Ordinary Shares of 10p each	1,066	1,066	1,002
2,842,404 Ordinary Shares of 10p each	284	—	—
	1,350	1,066	1,002

There has been no change in the authorised share capital during the year. 640,269 "Series 100" warrants and 1,174 "Series 120" warrants were exercised in the year ended 31st January 1991 for a total of 641,443 Ordinary Shares (1990 — 15,413).

The last date for exercising the "Series 100" warrants was April 1990, after which they lapsed and ceased to be of value.

There are in issue the following:

(a) 998,175 "Series 120" warrants, entitling the holder of each warrant to subscribe for one Ordinary Share at 120p between 1991 and 1993, the subscription rights to be exercised during the period of one month following the date upon which the Company despatches its accounts in each financial year.

(b) There are contingent rights to the allotment of Ordinary Shares under the Consolidated Venture Trust plc Share Option Scheme to subscribe for a total of 470,254 Ordinary Shares (1990 — 470,254 Ordinary Shares) at prices between 121.5p and 144.24p at varying times up to June 1996.

11. Capital reserves of the Group and the Company

	£'000	£'000	1990 £'000
(a) Share premium account			
Balance at 31st January 1990		8,542	8,643
Purchase of warrants for cancellation		(59)	(115)
Premium arising on issue of shares		577	14
Balance at 31st January 1991		9,060	8,542
(b) Unrealised (depreciation) appreciation of investments			
Balance at 31st January 1990	2,906		3,705
Increase in unrealised depreciation of investments during the year	(8,876)		(799)
Balance at 31st January 1991		(5,970)	2,906
(c) General capital reserve			
Balance at 31st January 1990	19,425		17,270
Net (loss) profit on realisation of investments	(1,326)		2,155
Foreign currency exchange profits	41		—
Balance at 31st January 1991		18,140	19,425
		21,230	30,873

Statement of Source and Application of Funds for the year ended 31st January 1991

			1990	
Source of funds	£'000	£'000	£'000	£'000
Derived from revenue:				
Net revenue before tax		—		73
Derived from capital:				
Sale of investments	6,517		17,836	
Realised currency losses	—		19	
Issue of Ordinary Shares	641		14	
		7,158		17,869
Adjustment for items not involving the movement of funds:				
Revaluation of foreign currency assets		41		(19)
		7,199		17,923
Application of funds				
Derived from revenue:				
Net deficit before tax	8		—	
Dividend paid during the year:				
Ordinary Shares	10		35	
Purchase of investments	7,000		18,243	
Taxation paid	62		129	
Warrants purchased for cancellation	59		115	
		7,139		18,522
		60		(599)
Represented by				
Decrease in trade debtors		(91)		(281)
Increase (decrease) in prepayments and accrued income		51		(11)
(Decrease) increase in investments of dealing subsidiary		(76)		326
Increase (decrease) in cash at bank and in hand		1,695		(934)
Decrease in trade creditors		—		225
(Increase) decrease in bank overdrafts		(1,526)		94
Decrease (increase) in accruals and deferred income		7		(18)
		60		(599)

Report of the Auditors to the Members

We have audited the accounts on pages 12 to 18 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the Group and the Company at 31st January 1991 and of the loss and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants

London
18th March 1991

Notice of Meeting

NOTICE IS GIVEN that the ANNUAL GENERAL MEETING of Consolidated Venture Trust plc will be held at 11 Devonshire Square, London on Wednesday 17th April 1991 at 10.00 a.m. for the following purposes:

To receive the Directors' Report and Accounts for the year ended 31st January, 1991.

To re-elect Mr. Christopher H. B. Mills a Director of the Company.

To re-appoint the Auditors and authorise the Directors to fix their remuneration.

Dated this 18th day of March 1991

By order of the Board
INVESCO MIM Management Limited
Secretaries

11 Devonshire Square
London EC2M 4YR

NOTES:

1. The Report and Accounts are circulated to holders of Ordinary Shares and warrants but only holders of Ordinary Shares are entitled to attend and vote at the above meeting.
2. Any member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead; a proxy need not be a member of the Company. A form of proxy may be found on page 21. Participants in the INVESCO MIM Investment Trust Savings Scheme should complete the blue form of voting instructions enclosed.
3. There are no service contracts between the Directors and the Company.
4. The register of Directors' interests will be available for inspection at the annual general meeting.

For your notes

Consolidated Venture Trust plc

FORM OF PROXY

Name(s) in full ....
(BLOCK LETTERS PLEASE)

I/We, the undersigned, being (a) member(s) of the above-named Company, hereby appoint the Chairman of the meeting or...(see note 3) 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 17th April 1991 and at any adjournment thereof, in the following manner:

1.	FOR* / AGAINST*	the resolution to receive the Directors' Report and Accounts for the year ended 31st January 1991.
2.	FOR* / AGAINST*	the resolution to re-elect Mr. Christopher H. B. Mills a Director of the Company.
3.	FOR* / AGAINST*	the resolution to re-appoint the Auditors and authorise the Directors to fix their remuneration.

*Delete whichever is inapplicable

As WITNESS my/our hand(s) this day of 1991

Signature..

NOTES:

1. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
2. This form of proxy, duly signed, and any power of attorney under which it is executed, must be deposited at the offices of the Company's Registrars not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
3. A member may appoint a proxy of his own choice by deleting the reference to the Chairman 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.
4. A corporation should complete this form under its common seal or under the hand of a duly authorised officer or attorney.
5. In the case of joint holders, this form may be signed by any one of the holders, but the names of all of them should be stated.
6. If you hold shares in the Company through the INVESCO MIM Investment Trust Savings Scheme and wish to instruct the scheme managers to exercise voting rights on your behalf you should complete the enclosed blue form of instruction in respect of those shares. White forms of proxy completed in respect of shares held through the Savings Scheme will not be accepted.

Third Fold and tuck in

BUSINESS REPLY SERVICE
Licence No. MB 122

2

BARCLAYS REGISTRARS LIMITED
BOURNE HOUSE
34 BECKENHAM ROAD
BECKENHAM KENT BR3 4BR

First Fold

Second Fold

Investment Trusts Managed by
INVESCO MIM Management Limited

A member of IMRO

City and Commercial Investment Trust plc
(Jointly managed with Schroder Investment Management Limited)

Consolidated Venture Trust plc

Drayton Asia Trust plc

Drayton Blue Chip Trust plc

Drayton Consolidated Trust plc

Drayton English and International Trust plc

Drayton Far Eastern Trust plc

Leveraged Opportunity Trust PLC

INVESCO MIM Management Limited
IS A SUBSIDIARY OF
INVESCO MIM PLC

Printed by Libra City Printers Limited H046