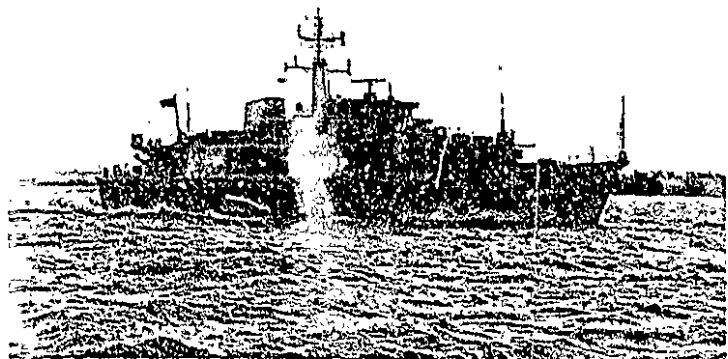
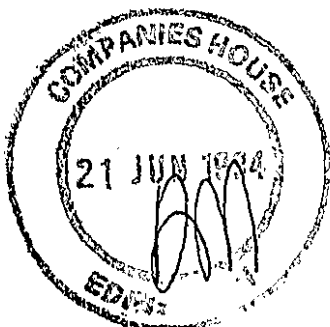
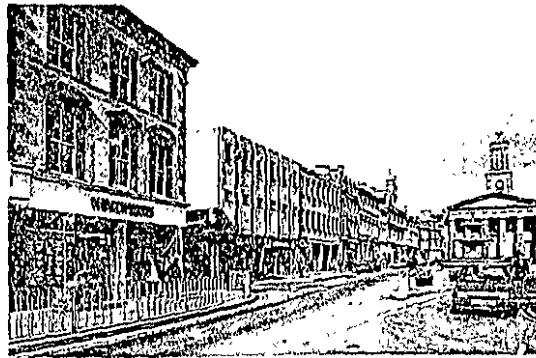
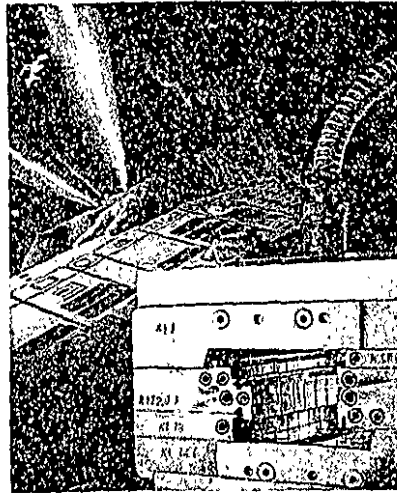


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### AIMS OF THE TRUST

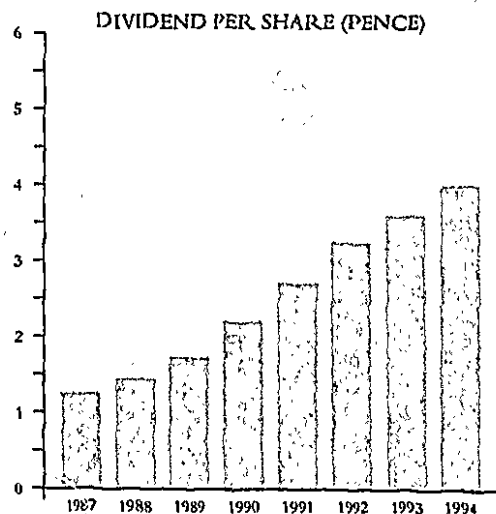
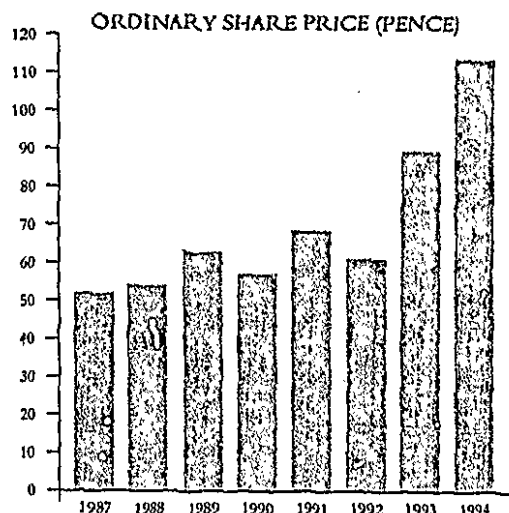
Value and Income Trust (VIT) is a specialist United Kingdom investment trust designed for both institutional and private investors. It seeks out good long-term investment values in the higher yielding, less fashionable areas of the commercial property and UK quoted equity markets, particularly in smaller companies. The overall objective is to provide above average long-term growth in dividends and capital values without undue risk.

### HIGHLIGHTS OF THE YEAR

- Net asset value per share up 21% over the year.
- Share price up 27%.
- Net dividend up 11%.
- Long-term focus on value and income has produced net asset value per share growth of 154% since re-organisation in 1986, and dividend per share growth of 18% p.a. compound.
- Savings scheme launched.

### PRICE QUOTATIONS

The share price and estimated net asset value are quoted daily under "Investment Trusts" in the Daily Telegraph and Financial Times. The Guardian, Herald, Scotsman and Times quote the share price.



### LONG TERM RECORD

		31 March 1994	31 March 1993	31 March 1992	31 March 1991	31 March 1990	31 March 1989	31 March 1988	31 March 1987	30 Sept. 1986
Net Asset Value per share (fully diluted)	p	111.7	92.5	70.6	77.0	75.5	74.2	60.5	55.1	44.0
Ordinary Share Price	p	113.5	89.5	61.0	68.5	57.0	63.0	54.0	52.0	42.0
Dividend per Share	p	4.0	3.6	3.24	2.7	2.2	1.725	1.44	1.25	N/A
Portfolio Total	£m	68.4	59.0	49.4	47.2	46.5	45.6	39.2	24.8	17.4

# CHAIRMAN'S REVIEW

Value and Income are your trust's targets and the keys to its further progress. Over the year the net asset value was up 21% (twice the rise in the FTA All Share Index), with the share price up 27%. The net dividend increased by 11%, four times the rate of inflation. Over the seven and a half years since the trust was reorganised, the net asset value per share has grown by 154%, and the share price by 170%, while the net dividend has more than trebled from 1.25 to 4 pence. These are the rewards of determined, specialist investment in equities and commercial property, matched by long-term, fixed rate gearing. I sometimes worry that "value investing" may be growing too fashionable, but VIT's investment formula has stood the test of time and is unique in the investment trust sector in applying its disciplines to both the equity and property markets. This year VIT won the Micropal Award for the best performing UK Income Growth investment trust over the past five years.

VIT suffered during the year the sad and sudden death of Alan Cumming. He had served as a director since the Trust was re-established in its present form. As a leading figure in the building society industry, he brought a rich experience both of the property world and of the needs of small savers. It is a fitting tribute to his memory that we were able during the year to bring in a regular savings scheme for small investors largely at his urging. We welcome, as a new non-executive director, Professor John Kay.

Partly as a result of the new Savings Scheme, our number of private individual shareholders grew rapidly again this year from 898 to 1144. We welcome our new shareholders, just as we appreciate the support of our long-standing major institutional investors.

The economic recovery has favoured both our chosen sectors this year. VIT's equity portfolio easily outperformed the FTA All Share Index for the second year running, with the high weighting in medium sized and smaller companies boosting the total return to 24%. The property portfolio was fully let and income producing throughout the year, with our Scottish shops showing the best gains in capital and income. The 12% overall valuation gain, plus a double figure running yield produced a total return of 23%. Four new shop properties were bought in Scotland and Yorkshire at yields of between 9% and 10%.

Dividends from higher-yielding shares were under pressure last year and income on cash balances fell, due to lower interest rates, but, as forecast, we drew on the accumulated revenue reserves to provide the dividend increase expected by our individual and institutional shareholders. Equity dividends are now picking up again and VIT should also see some further rental growth this year, unlike most institutional and company investors in property.

VIT aims to deliver real growth in dividends, and has built up revenue reserves of over £800,000 since 1986. These are available to maintain our dividend record. We expect to pay a total net dividend of 4.2 pence a share for the current year, representing an increase of 5%.



## Micropal Awards

1993

That is all right, the  
WINNER  
Value & Income Trust  
has been awarded First place  
in the Micropal Award for Investment Trust  
UK Income Growth sector  
over 5 years



Presented to  
Value & Income  
Trust

Presented to  
Value & Income  
Trust

*Thomson of Monifieth*

Lord Thomson of Monifieth K.T.

22 April 1994

# DIRECTORS AND ADVISERS

## DIRECTORS

The Rt. Hon. LORD THOMSON OF MONIFIETH, KT\* (Chairman—Non-executive) Former Chairman of the Independent Broadcasting Authority, Cabinet Minister, Commissioner of the European Communities, Chancellor of Heriot-Watt University, First Crown Estates Commissioner, Deputy Chairman of the Woolwich Building Society and non-executive director of ICI and The Royal Bank of Scotland Group.

### JAMES FERGUSON

(Non-executive) Chairman of Stewart Ivory. He is a graduate in economics and political science from Trinity College, Dublin. He joined Stewart Ivory in 1970 and became a director in 1975. He is a non-executive director of OLIM Convertible Trust and former Deputy Chairman of the Association of Investment Trust Companies.

### JOHN KAY

(Non-executive) Professor of Economics at the London Business School and Chairman of London Economics, a specialist economic consulting group. He is the author of many books and articles on economic and business subjects, and a director of several companies, including Govett Strategic Investment Trust, the Investors Compensation Scheme, and the Halifax Building Society.

### ANGELA LASCELLES

(Joint Investment Director) She has been professionally engaged in investment business since graduating in philosophy from London University. She spent four years in stockbroking before becoming a fund manager, first of an investment trust, then at the Associated British Foods Pension Fund and at Courtaulds Pension Fund from 1979 until 1986. She has been an

executive director of OLIM since 1986 and is joint investment director of OLIM Convertible Trust.

### JOHN MURRAY\*

(Non-executive) He has been engaged in investment and finance since 1957, first as a financial journalist, then as a director of a merchant bank, a divisional director of a clearing bank and until 1992 a director of Stewart Ivory. He is a non-executive director of SUMIT Investment Trust.

### MATTHEW OAKESHOTT

(Joint Investment Director) After studying economics at Oxford and a period as special adviser to Roy Jenkins as Home Secretary, he joined S.G. Warburg in 1976 and became a director of Warburg Investment Management in 1978. He was Investment Manager of Courtaulds Pension Fund from 1981 to 1985. He has been an executive director of OLIM since 1986 and is joint investment director of OLIM Convertible Trust.

\*Member of the Audit Committee.

### INVESTMENT MANAGERS

OLIM Limited,  
Pollen House, 10/12 Cork Street,  
London W1X 1PD  
071-439 4400

### SECRETARIES AND REGISTERED OFFICE

Stewart Ivory & Company Limited,  
45 Charlotte Square, Edinburgh EH2 4HW  
031-226 3271

### REGISTRARS AND TRANSFER OFFICE

The Royal Bank of Scotland plc,  
P.O. Box 435, Owen House,  
8 Bankhead Crossway North,  
Edinburgh EH11 4BR  
031-442 4111

### AUDITORS

Ernst & Young, Chartered Accountants,  
Ten George Street, Edinburgh EH2 2DZ

### PROPERTY MANAGERS

Workman & Partners,  
Marble Arch House,  
66/68 Seymour Street, London W1H 5AF

# INVESTMENT DIRECTORS' REPORT

## EQUITY PORTFOLIO

### THE MARKET

Equities had another good year. The *Financial Times* Actuaries All Share Index rose by almost 11% in the twelve months to the end of March.

The first two months of our year were dull for markets, as some weak UK statistics encouraged doubters to persist with low economic forecasts, before finally raising their targets later in the year. From mid summer to end January equities rose by a quarter, driven by falling short-term interest rates in Europe and surging bond markets worldwide. Adjustments to the European Exchange Rate Mechanism in August relaxed the trading bands for the currencies still within the system and allowed an earlier timetable for interest rate cuts. This, in turn, allowed expectations of a shorter timescale for economic recovery in Europe, thereby increasing enthusiasm for equities generally, due to their attractive valuations against bonds and cash and the higher level of expected company profits.

In January it became apparent that the American economy had performed very strongly in the previous quarter and the Federal Reserve decided to dampen demand by raising US interest rates. Though it was only a marginal increase, the realisation that the worldwide cycle of falling interest rates had come to an end shocked investors. Bond markets were especially weak in early 1994 but equities were also affected and fell more than 10% from the peak levels seen at the end of January.

Gross Domestic Product in the UK grew by 2% in 1993; this was the first year for some time that the economy outperformed expectations held at the beginning of the year. Growing confidence in



Summary of Portfolio	31 March 1994		31 March 1993	
	£m	%	£m	%
UK Equities	39.0	57	31.1	53
UK Properties (at valuation)	29.8	44	26.4	45
Cash	(0.4)	(1)	1.5	2
Total	68.4	100	59.0	100

the UK economy benefited cyclical sectors, which have a high proportion of medium and small sized companies. The *Financial Times* Actuaries Midcap and Smallcap Indices grew by 21% and 23% respectively, significantly more than the market as a whole.

# INVESTMENT DIRECTORS' REPORT

## INVESTMENT POLICY

There was no substantial strategic change in the year. Purchases and sales were evenly matched in the first half. Some long held companies were sold, where valuations had become overstretched and were replaced with undervalued high yielding new investments. In the second half we continued to maintain an almost fully invested portfolio. We sold ten complete holdings, mostly where yields had fallen too far below our requirements. We bought shares in eight new companies and increased several other holdings. We continued to have a relatively low proportion of our portfolio in large companies.

## PERFORMANCE

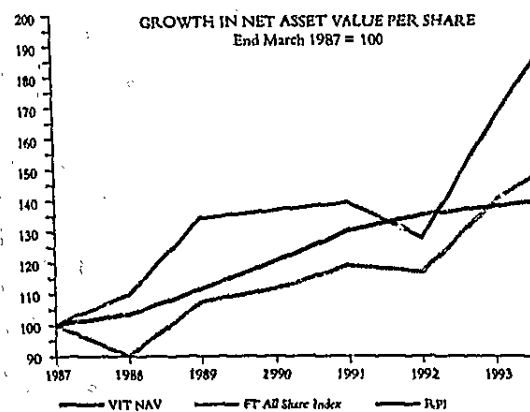
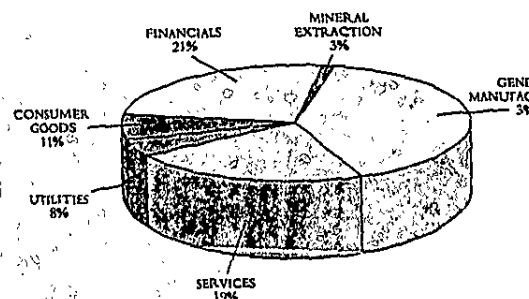
The equity portfolio showed a capital gain of 19%, compared with the rise of 11% in the level of the All Share Index. Our relatively high exposure to the manufacturing sectors and to small and medium sized companies were reasons for our outperformance. At the end of the year our portfolio totalled £39 million, split between 46 companies with an average portfolio yield of 4.3%.

## OUTLOOK

Economic growth in this country continues to accelerate: this year we expect GDP to increase by 3% compared with a growth rate of 2% in 1993. UK companies with exposure to Continental Europe will also benefit from recovery beginning there. Profits and dividends should show further substantial increases in 1994, particularly in the manufacturing sectors, after the heavy cost cutting through the recession. We expect interest rates and inflation to remain low this year, while spare capacity persists and provided economic growth does not sharply exceed our current expectations. After this year, short term interest rates will probably

rise and higher inflation may become more likely. The political balance of power may become more unsettled in the next few months, though, unless an early general election looks probable, the market is unlikely to be greatly affected.

UK equities are now cheap and we plan to remain fully invested, with a high exposure to smaller companies, in current circumstances.



Wolstenholme Rink PLC



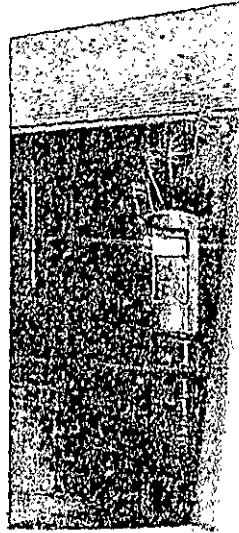
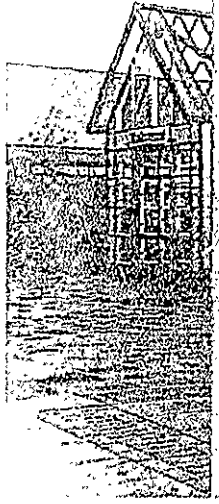
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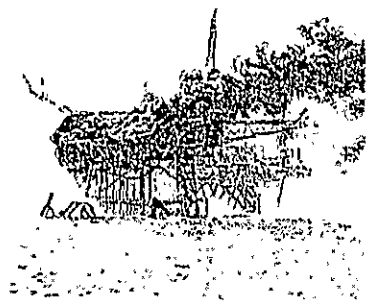
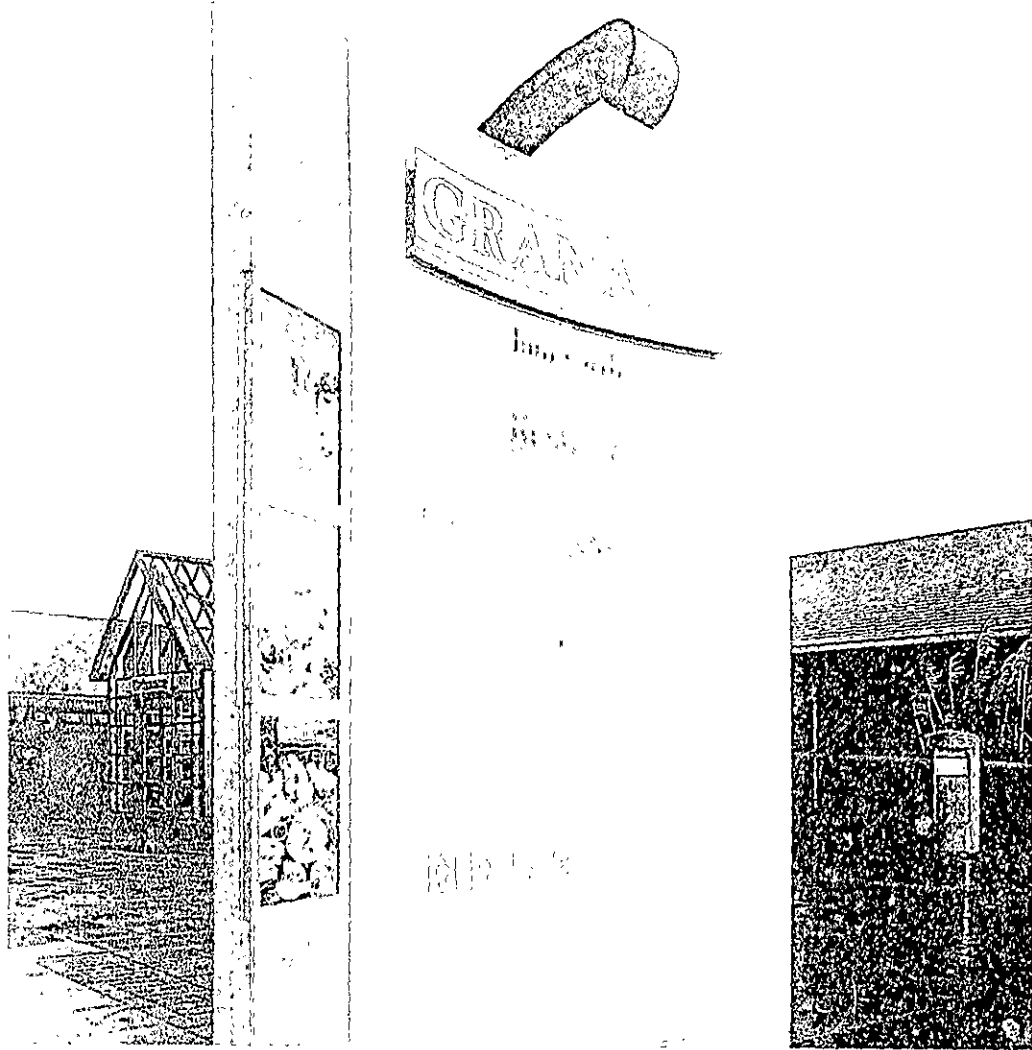
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# INVESTMENT DIRECTORS' REPORT

## LIST OF HOLDINGS

Holding	Description	Market Value £
750,000	MAI International. A financial conglomerate, its principal interests are in securities broking, retail insurance and television.	2,006,250
350,000	Provident Financial. The company finances credit purchases, mainly in the Midlands and North, and has insurance companies.	1,701,000
200,000	Vosper Thornycroft. It manufactures minesweepers and other warships and has growing interests in non defence marine activities.	1,559,000
500,000	British Gas. The main activity is supplying gas and selling and servicing appliances in Great Britain. It also has oil and gas exploration and production interests in several countries.	1,507,500
250,000	United Friendly Group 'B'. A life insurance company established in 1908, concentrating on business within the United Kingdom.	1,500,000
400,000	Unigate. It manufactures and distributes milk and fresh food products, including the St Ivel brand. Other interests are in distribution services and US restaurants.	1,472,000
150,000	VSEL. The company designs and develops submarines, surface warships and armaments, including Trident submarines.	1,462,500
600,000	Granada 7.5% Conv. Preference. Television contracting and rental are the main businesses, with other interests in leisure and computer maintenance. It has a 12½% stake in BSkyB Television and recently acquired London Weekend Television.	1,269,000
200,000	Southern Water. Supplies water and disposes of waste water for Kent, Sussex, Hampshire and the Isle of Wight.	1,148,000
200,000	Commercial Union. The leading composite insurance company in the UK, it also has extensive life insurance and overseas operations.	1,143,000
197,753	Kingfisher. A retail company, it owns Woolworths, B & Q, Superdrug, Comet and Darty in France.	1,141,035
150,000	A Kershaw & Sons. It holds 6.6% of Rank Xerox.	1,132,500
250,000	Bemrose Corporation. Printers of security material, calendars, diaries and advertising material, mainly in the UK and USA.	1,095,000
575,000	Adwest Group. Engineers of automotive and electrical products.	1,086,750
750,000	Bradstock Group. An insurance broker specialising in the retail and reinsurance markets.	1,046,250
433,333	Perry Group. A motor distributor; it has franchises to sell Ford, Rover, Toyota and other major manufacturers' cars.	996,666
150,000	Shell Transport and Trading. It has a 40% holding in one of the largest integrated oil and gas groups in the world. The group also has interests in chemicals, coal and metals.	988,500
250,000	Heywood Williams Group. Glass manufacturers for the automotive industry and building industries in Europe and USA.	967,500
850,000	British Aerospace 7.75% Conv. Preference. Military aircraft contribute to over half of profits. BAe also makes civil aircraft and has property interests.	956,250
155,818	Allied Textile. A manufacturer, processor and distributor of textile products. It has recently made an acquisition in Canada.	842,975
125,000	Wolstenholme Rink. The company manufactures and supplies products such as bronze powders and licks used by the printing industry throughout the world.	841,250
250,000	Calor Group. The group distributes liquefied petroleum gas in the British Isles. It also has interests in Western and Central Europe.	795,000

# INVESTMENT DIRECTORS' REPORT

## LIST OF HOLDINGS

Holding	Description	Market Value £
300,000	Argyll Group. A food retail group; the main operating company is Safeway.	759,000
220,000	Sidlaw. Its main interests are now in packaging following the acquisition of Courtaulds' flexible packaging business. It also has oil services and textile operations.	726,000
100,000	Zeneca Group. The pharmaceutical company demerged from ICI.	724,500
375,000	Carr's Milling Industries. Founded in 1908 in Cumbria, its main activities are flour milling and baking and as feed and agricultural merchants.	701,250
138,500	Dawson Holdings. A subscription agent for book and magazine supply, mainly to libraries in the UK, France and USA. It also owns a 50% interest in Surridge Dawson, the UK newspaper and magazine wholesaler.	685,575
600,000	Marshalls 6.5% Conv. Preference. Based in Halifax, it makes concrete blocks, pavement furniture and owns George Armitage, a brick manufacturer.	675,000
250,000	Ocean Group. Its main businesses are international freight management and marine services.	670,000
120,000	Allied Lyons. It owns Allied Breweries, Hiram Walker and Lyons food interests.	651,600
18,461	Allied Lyons. New nil paid.	6,831
100,000	Portals Group. One of the world's leading bank note manufacturers, it also makes tea bags.	637,500
1,000,000	Albert Fisher Group. It processes seafood and imports fresh fruit and vegetables for supermarkets.	620,000
400,000	James Beattie 'A'. The company operates department stores in the Midlands.	588,000
628,000	Scholl 5.25% Conv. Preference. Sells a range of products including hosiery and comfort footwear, mainly under the name of Scholl.	584,040
550,000	Meggitt Holdings. An engineering company; it has interests in aerospace, controls and electronics.	574,750
1,000,000	Anglo Irish Bank. A fully integrated banking group based in Dublin.	570,000
600,000	Dobson Park Industries. Originally a supplier to the mining industry, Dobson Park has diversified into industrial electronics, power tools and toys.	447,000
450,000	Jessups 7.3% Conv. Preference. A motor distributor, it has franchises to sell Ford, Vauxhall and Peugeot cars.	432,000
913,000	W.E.W. Group. The "What Everyone Wants" chain of discount shops.	415,415
350,000	Hampson Industries 6.5% Conv. Preference. An industrial conglomerate, it has interests in aluminium, furniture, home improvements and engineering.	399,000
1,000,000	Trio Holdings. The company owns the Martin Bierbaum money broking operations.	375,000
450,000	Goodhead Group 7.5% Conv. Preference. A printer and publisher. The company has recently been refinanced through a substantial rights issue.	360,000
250,000	Sirdar. A manufacturer of floor coverings, ready made curtains and hand-knitting yarns.	311,250
300,000	Alvis 5.5% Conv. Preference. The company manufactures military tanks and electro-optical equipment.	244,500
610,000	Thomas Jourdan. An industrial holding company, its subsidiaries manufacture consumer goods, including Corby trouser presses.	201,300

# INVESTMENT DIRECTORS' REPORT

## PROPERTY PORTFOLIO

### THE MARKET

In the early 1980s, commercial property was valued broadly in line with equities, as a growth investment with an initial yield 8 points below bonds. By the early 90s, property had been dramatically downgraded, to trade at yields 4 to 5 points higher than equities and even edging above gilts in the depths of the property crash. VIT's last Annual Report pointed out that property yields were still very high by comparison with interest rates and suggested it might not be long before investors realised that well-let provincial properties, valued at above fixed interest yields, offered very safe income with growth possibilities as well.

Capital values of investment property have since recovered, by 10% on average in 1993 according to the Investment Property Databank. This was the result of falling gilt yields and some narrowing of the yield differential between property and gilts. Average property yields are still high by long-term historical standards, but investors were shocked by the worst declines in rental values this century. Tenant demand for office and industrial property remains fragile, and property yields should fall below gilts only in areas where sustained rental growth is near.



Paisley

VIT invests in these properties for income and capital growth.

Rental values are now starting to rise in the retail sector, and in modern Central London offices where values had fallen by two-thirds. Rents for other offices and most industrial and warehouse properties remain under pressure.

### RENTAL VALUES

#### % CHANGES TO MARCH 1994

	SIX MONTHS	YEAR	FOUR YEARS
Property - Average	-1.8	-6.4	-33.6
Shops	-1.5	-3.4	-13.7
Offices	-2.2	-9.4	-52.1
Industrial	-1.7	-5.8	-12.5

Source: Richard Ellis Monthly Index

The best long-term investment performance, at relatively low risk, should continue to come from high-yielding retail properties let to strong tenants in small towns and suburbs where rents are low, competition is limited and spending power shows steady growth. Office investments have a rotten record, as rental values have underperformed shops and industrials. Investors also persistently underestimate the cost of office depreciation.

### AVERAGE INVESTMENT YIELDS

	FEB 81	FEB 93	MAR 94
Property - Average	5.5	9.2	7.6
Shops	4.7	7.5	6.1
Offices	5.2	9.3	7.7
Industrial	6.9	10.3	8.3
UK Equities	6.2	4.3	3.5
Long Gilts	13.8	8.9	7.5

#### Yield Gap:

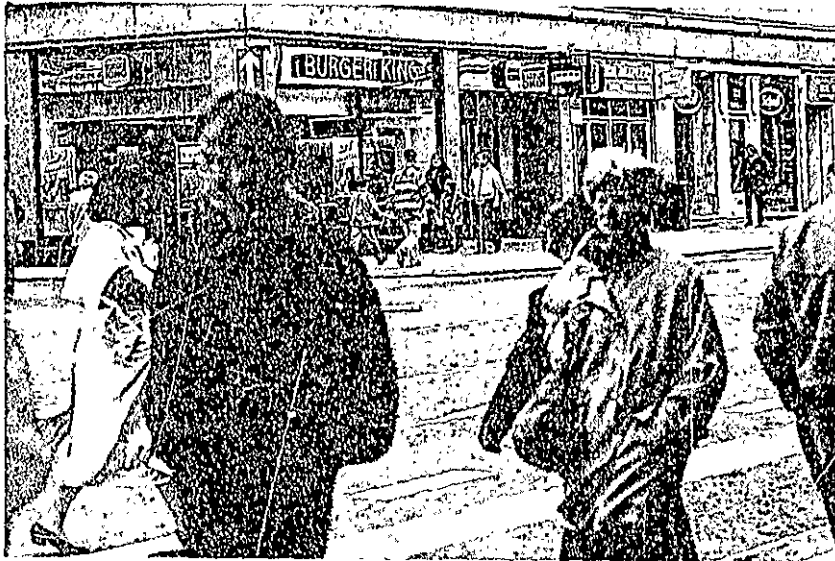
Equities - Property	0.7	-4.9	-4.1
Gilts - Property	8.3	-0.3	-0.1

Source: Hillier Parker (March figures n.a. before 1994)

# INVESTMENT DIRECTORS' REPORT



Broughty Ferry



Aberdeen



# INVESTMENT DIRECTORS' REPORT 1

## THE VIT PORTFOLIO

The capital gain at the end of March valuation was 12%, producing a total return of 23% for the year taking income and capital together. VIT's portfolio had already begun to recover in value before the previous year end, and that trend accelerated noticeably during the year, particularly in the retail sector, where VIT's portfolio showed a capital gain of 14%. Rental values here were generally stable, and two Scottish rent reviews produced uplifts around 50% over a five year period. Industrial and warehouse properties showed a 9% capital gain, despite a further fall in underlying rental values. Rent reviews should add about another £100,000 to total rental income by the end of 1995. All leases are on full repairing and insuring terms, with upward only rent reviews - 89% of income is reviewed five yearly or more frequently with another 9% at seven year intervals. The whole portfolio has been fully let and income-producing throughout the year.

Four shop properties were bought during the year for £1.7 million at yields between 9% and 10%. Three were in Scotland (Dumfries, Musselburgh and Dumbarton Road, Glasgow) and one in Yorkshire at Selby. Tenants included Victoria Wine, Superdrug and Woolworths on leases with unexpired terms averaging twenty years. Two sales totalling £1.4 million were completed in April 1993. A small shop in Nairn was agreed for sale at the March 1994 year end at a yield of under 9%.

At the year end, 65% of the portfolio by value was in the retail sector (shops and a retail warehouse), with 35% in industrial/warehouse property. The retail weighting is likely to increase further in view of the better prospects for early

rental growth in that area. Thirty of the thirty-five properties (80% of the total by value) were freehold or the Scottish equivalent and five were leasehold.

TABLE 1 VIT'S PROPERTY RECORD

YEAR END	RENTAL INCOME £000's	£M CAPITAL VALUE	YIELD ON VALUATION %	TOTAL RETURN %
March 87	1,155	11,375	10.2	-
88	1,329	14,939	8.9	24
89	1,915	23,475	8.2	30
90	2,050	24,390	8.4	15
91	2,331	23,800	9.8	2
92	2,709	25,880	10.5	10
93	2,773	26,415	10.5	12
94	2,806	29,835	9.4	23

TABLE 2A 1994

PROPERTY PORTFOLIO BY REGION AND TYPE £m (%)					
	Scotland and Northern Ireland	Midlands, Northern England and Wales	East Anglia	Southern England	Total
Retail	11.0 (37)	2.5 (8)	0.3 (1)	5.5 (19)	19.3 (65)
Industrial / Warehouse	0.5 (2)	-	3.8 (13)	6.2 (21)	10.5 (35)
Total	11.4 (38)	2.5 (8)	4.1 (14)	11.8 (40)	29.8 (100)

TABLE 2B COMPARATIVE FIGURES FOR 1993

PROPERTY PORTFOLIO BY REGION AND TYPE £m (%)					
	Scotland and Northern Ireland	Midlands, Northern England and Wales	East Anglia	Southern England	Total
Retail	9.6 (36)	1.9 (7)	0.3 (1)	5.1 (19)	16.8 (63)
Industrial / Warehouse	0.4 (2)	-	3.5 (13)	5.7 (22)	9.6 (37)
Total	10.0 (38)	1.9 (7)	3.8 (14)	10.7 (41)	26.4 (100)

# INVESTMENT DIRECTORS' REPORT

TABLE 3

TENANTS PAYING ANNUAL RENTS OVER £50,000
Abbey National
Argos
Bookers
Boots
British Alcan
Brown & Tawse
Christian Dior
Coats Viyella
Grand Metropolitan
Hampden Homecare trading as Texas
Lloyds Chemists
Norcor
Plymouth City Council
Sheffield Insulations
Superdrug
TEC Electrical Components
Traditional Furniture Company
Woolworths

## RESULTS OF INDEPENDENT REVALUATION

The VIT property portfolio, including properties held within our subsidiary Audax Properties plc, was subject to an independent professional revaluation by Messrs Allsop and Company at 31 March 1994. The revaluation showed a value of £29,835,000; properties held within VIT were valued at £7,035,000 while Audax properties totalled £22,800,000. We intend to continue to commission an independent revaluation of properties at 31 March each year.



Musselburgh

Glasgow

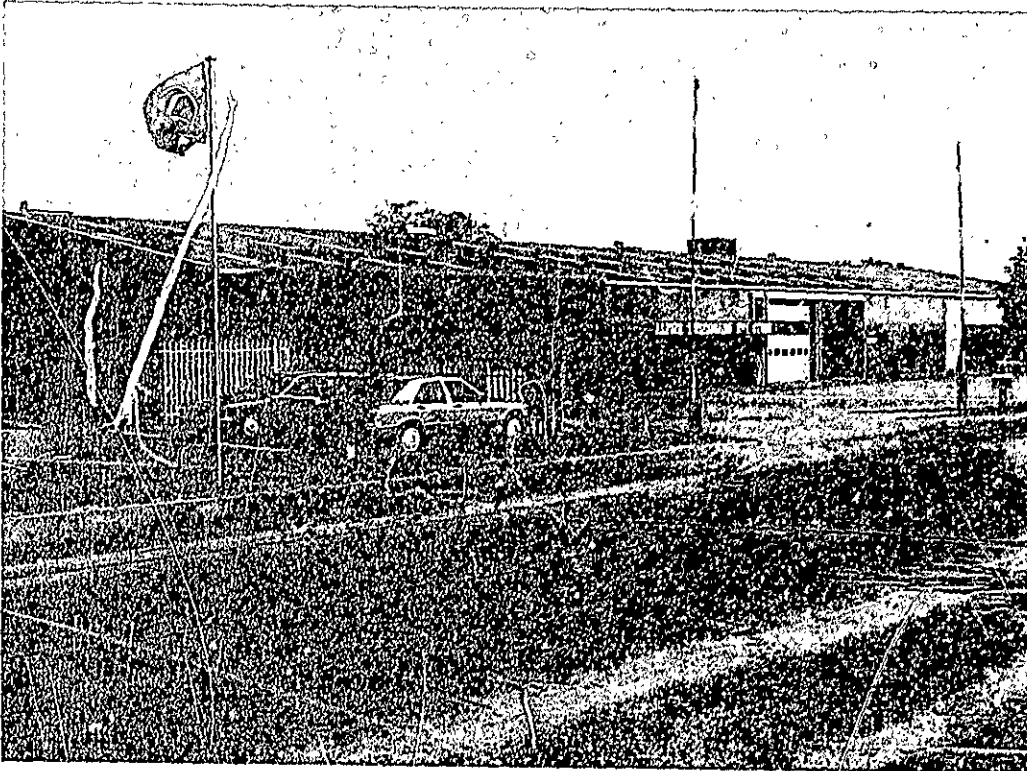


# INVESTMENT DIRECTORS' REPORT

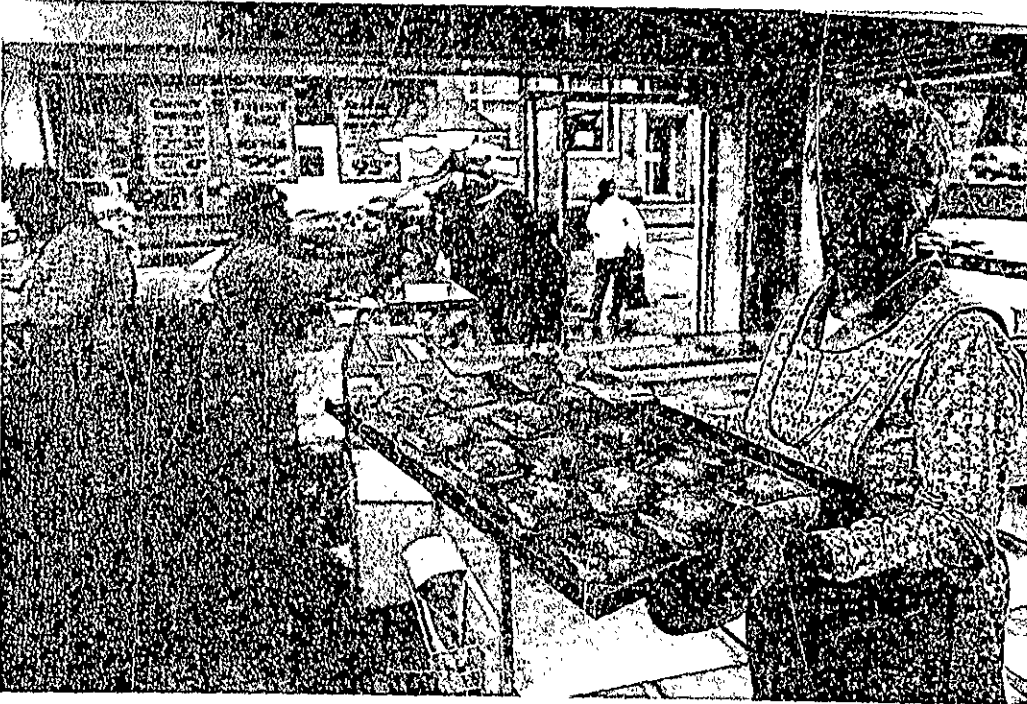
## LIST OF PROPERTIES

ADDRESS	TENANT
<b>RETAIL</b>	
Aberdeen - 221-9 Union Street	Grand Metropolitan, Happit, Scholl, Thorn EMI.
Aberystwyth - 32-4 Terrace Road (30 years leasehold)	Safeway.
Belfast - Longwood Road, Newtownabbey	Hampden Homecare trading as Texas
Campbeltown - 1-7 Main Street	Woolworths.
Dumfries - 108-112 Friars Vennel	Victoria Wine
Dundee - 261 Brook Street, Broughty Ferry	Mackays and Superdrug.
Elgin - 163 High Street	Woolworths.
Falkirk - Callendar Road	Comet.
Girvan - 68 Dalrymple Street	Woolworths.
Glasgow - 410-418 Dumbarton Road, Partick	Pars Bakery and Woolworths
Ledbury - 6 High Street	Three Counties Bookshop.
Musselburgh - 159-161 High Street	Superdrug
Nairn - 24-30 High Street	British Shoe Corporation.
Norwich - 1 Red Lion Street	Burtons.
Paisley - 9-11 Causeyside	Argos.
Princes Risborough - 62-70 High Street	Savory & Moore.
Rothsay - 85-99 Montague Street	Woolworths.
Salisbury - 10 Catherine Street	John Clunes Dry Cleaners.
Saltcoats - 30-32 Dockhead Street	Woolworths.
Saltcoats - 43-45 Dockhead Street	Cancer Research Campaign.
Selby - 37 Gowthorpe	Poundstretcher
Sevenoaks - 87-93 High Street	Abbey National, Oxfam and QS Holdings.
Southampton - 5a-8 East Street (61 years leasehold)	Alexandra Workwear, Traditional Furniture and Heath Florists.
Staines - 1-6 Friends Walk (98 years leasehold)	Argos, Boots, Robert Dyas and Parades.
Stornoway - 21 Cromwell Street	Woolworths.
Swadlincote - 43 High Street	British Shoe Corporation and Lloyds Chemists.
Wishaw - 83 Main Street	Greggs Bakeries.
York - 9-15 Front Street, Acomb	Coats Viyella and Superdrug.
<b>INDUSTRIAL / WAREHOUSE</b>	
Amersham - Raans Road	British Alcan.
Cambridge - Ditton Walk	AIM, Brown & Tawse, CWS, Daniels Pharmaceuticals and Sheffield Insulations.
Elgin - Chanonry Estate (113 years leasehold)	Bookers.
Enfield - Progress Way	TEC Electrical Components.
Newhaven - Avis Way	Christian Dior.
Norwich - Vulcan Road North	Norcor.
Plymouth - Belliver Way (110 years leasehold)	Plymouth City Council.

# INVESTMENT DIRECTORS' REPORT



*Norwich*



*Wishaw*



# DIRECTORS' REPORT

The directors have pleasure in submitting their report and the consolidated accounts for the year ended 31 March 1994.

	1994 £	1993 £
<b>Results</b>		
Income available for Ordinary Shareholders	1,434,638	1,635,478
Dividends –		
Interim of 2.0p (2.5p gross) – paid 5 January 1994.	848,889	749,025
Recommended final of 2.0p (2.5p gross) – payable 6 July 1994.	857,320	749,026
Transfer (from)/to Revenue Reserve	(271,571)	137,427

## Principal Activity and Status

The Company is an investment company within the meaning of the Companies Act 1985. Inland Revenue approval as an investment trust for the purposes of the Income and Corporation Taxes Act 1988 has been given for the year ended 31 March 1993 and in the opinion of the directors the Company has subsequently directed its affairs so as to enable it to continue to seek such approval. The 'close company' provisions do not apply to the Company.

The principal activity of the group is an investment trust company specialising in UK equities and properties.

A review of the business is to be found in the Chairman's Review on page 3 and the Investment Directors' Report on pages 5 to 15.

## Directors

As referred to in the Chairman's Review Mr J A Cumming died on 4 November 1993. Professor John A Kay was appointed as a director on 4 February 1994 and in accordance with the Articles of Association will retire at the Annual General Meeting. His re-election is recommended by the Board.

Mr J H Murray retires from office by rotation at the Annual General Meeting and his re-election is recommended by the Board.

The Directors who served during the year had the following interests in the share capital of the Company at:

	31 March 1994		31 March 1993	
	Ordinary	Subscription Warrants	Ordinary	Subscription Warrants
J A Cumming	6,552*	400*	6,552	400
J G D Ferguson	–	–	–	–
J G D Ferguson – Family	50,000	–	50,000	–
J A Kay	–	–	– †	– †
Mrs A M Lascelles	64,950	–	63,030	1,920
Mrs A M Lascelles – Family	264,839	–	254,599	10,240
Mrs A M Lascelles – as Trustee	12,000	–	12,000	–
J H Murray	–	–	–	–
M A Oakeshott	211,914	–	202,234	9,680
M A Oakeshott – Family	374,962	–	251,805	113,536
Lord Thomson of Monifieth	22,000	1,768	44,000	1,768
Lord Thomson of Monifieth – Family	22,000	–	–	–

\*at date of death.

†at date of appointment.

In addition Mrs Lascelles and Mr Oakeshott had a beneficial interest in the 229,736 Ordinary shares (1993 – same) held by The OLIM Limited Retirement and Death Benefit Scheme at 31 March 1994.

There were no changes to these holdings between 31 March and 13 May 1994.

Directors are interested in contracts entered into by the Company as follows:

(i) Mrs Lascelles and Mr Oakeshott are the sole directors and shareholders of OLIM Limited, which received a fee of £408,721 in respect of investment management services for the year. OLIM Limited also received a performance-related fee of £294,714 in respect of performance over the last three years.

(ii) Mr Ferguson is a director and shareholder of Stewart Ivory & Company Limited which received a fee of £87,573 in respect of secretarial services for the year.

The Company has no service contracts with its directors and has not entered into any other contract in which a director has an interest.

# DIRECTORS' REPORT

## Management

OLIM Limited is employed as investment manager and receives a fee based on half-yearly valuations of Group assets. It is entitled to an additional fee in respect of performance if the Company's share price total return has outperformed the FT All Share Index by at least 10% over the previous three years. Stewart Ivory & Company Limited acts as Secretaries to the Company and Stewart OLIM Limited acts as Monitors to the Company of these arrangements.

## Substantial Shareholders

At 13 May 1994 the Company was aware of the following interests exceeding 3% of the issued capital.

### Ordinary Shares

The Scottish American Investment Company P.L.C.	6,256,605
The Equitable Life Assurance Society	4,864,331
Courtaulds Pensions Common Investment Fund	2,890,274
Lloyds Bank Staff Pension Scheme	2,318,421
M & G Dividend Fund	2,094,736

## Savings Scheme

During the year the directors allotted 65,612 Ordinary shares for cash, at a premium over net asset value, to participants in the VIT Savings Scheme. The proceeds amounted to £79,724.

## Personal Equity Plans

The Company satisfies the requirements for an investment of up to £6,000 in a PEP. It is the present intention of the directors that the Company should continue to qualify for this status.

## Corporate Governance

The company has operated within the spirit of the Code of Best Practice throughout the year. Since 22 October 1993 it has had formal procedures in place which in all material respects satisfied those requirements of the Code for which guidance has been published except that the Audit Committee has two members. The Board considers this satisfactory. The appointment of directors and their remuneration will be dealt with by the Board as a whole. A majority of the directors are independent of the management company.

The company's auditors, Ernst & Young, have reviewed the above statement insofar as it relates to the paragraphs of the Code specified by the London Stock Exchange for their review. They have reported to us that, based on their review, they concur with the above statement.

## Directors' Responsibilities

The directors are required to prepare accounts in compliance with the Companies Act 1985 and which give a true and fair view of the state of affairs of the Company and of the Group at the end of each financial year and of the income of the Group for that year. The directors are also responsible for ensuring that adequate accounting records are maintained, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts and that applicable accounting standards have been followed.

## Auditors

Ernst & Young have intimated that they will not be seeking re-election as auditors at the Annual General Meeting. At that time the directors will propose a resolution to appoint Chiene & Tait, C.A. as auditors.

## Annual General Meeting

A resolution will be proposed authorising the directors to allot equity securities. This renews the authority given at last year's Annual General Meeting.

13 May 1994



By Order of the Board  
for Stewart Ivory & Company Limited  
(Secretaries)

W H E Walker

# CONSOLIDATED INCOME ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1994

		1994		1993	
	Notes	£	£	£	£
<b>Income</b>					
Securities	2				
Dividends from UK Companies			1,790,684		2,093,034
Properties					
Rents			2,766,883		2,711,247
Interest on deposits			170,249		233,335
Underwriting commission			93,033		51,753
Other income			46,929		7,517
			4,867,778		5,096,886
<b>Expenses</b>					
Interest payable	3	2,212,500		2,212,500	
Administration	4	797,198		686,769	
			3,009,698		2,899,269
<b>Income on ordinary activities before tax</b>			1,858,080		2,197,617
Tax	5		423,442		548,415
<b>Income on ordinary activities after tax</b>			1,434,638		1,649,202
Preference dividends	6		—		13,724
<b>Available for Ordinary shareholders</b>			1,434,638		1,635,478
Ordinary dividends	7		1,706,209		1,498,051
<b>(Deficit)/surplus transferred (from)/to</b>					
Revenue Reserve	15		(271,571)		137,427
<b>Earnings per Ordinary share</b>			3.39p net		3.97p net
<b>Dividend per Ordinary share</b>			4.00p net		3.60p net
equivalent to			5.00p gross		4.65p gross

Earnings per Ordinary share are calculated on the amount available for Ordinary shareholders and on the weighted average of 42,337,993 shares (1993 - 41,151,236).

There would be no dilution of earnings per share on the exercise of warrants (1993 - same).

The notes on pages 23 to 27 form part of these accounts.

# CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 1994

		1994		1993	
	Notes	£	£	£	£
<b>Investments</b>					
Equities	8				
Listed in U.K.			38,331,862		30,726,898
Unlisted			685,575		378,000
<b>Investment Properties</b>			39,017,437		31,104,898
			29,835,000		26,415,000
			68,852,437		57,519,898
<b>Current Assets</b>					
Debtors	9	2,416,721		2,263,393	
Cash and deposits		1,687,263		3,529,175	
		4,103,984		5,792,568	
<b>Current Liabilities</b> (due within one year)					
Creditors	10	3,684,016		3,519,642	
Dividend payable	11	857,320		749,026	
		4,541,336		4,268,668	
<b>Net Current (Liabilities)/Assets</b>			(437,352)		1,523,900
<b>Total Assets less Current Liabilities</b>			68,415,085		59,043,798
Creditors (due after more than one year)	12		20,000,000		20,000,000
<b>Shareholders' Funds</b>			48,415,085		39,043,798
<b>Represented by:</b>					
<b>Capital and Reserves</b>					
Share Capital	13				
Ordinary			4,286,598		4,161,648
<b>Reserves</b>	15				
Share Premium Account		16,001,025		15,217,528	
Capital Reserve		18,785,275		12,998,456	
Revaluation Reserve		8,502,534		5,554,942	
Revenue Reserve		839,653		1,111,224	
			44,128,487		34,882,150
			48,415,085		39,043,798

Thomson of Monifieth, Director

*Thomson of Monifieth*

Angela Lascelles, Director

*Angela Lascelles*

13 May 1994

The notes on pages 23 to 27 form part of these accounts.

# BALANCE SHEET

AS AT 31 MARCH 1994

		1994		1993	
	Notes	£	£	£	£
<b>Investments</b>	8				
Equities					
Listed in U.K.			38,331,862		30,726,898
Unlisted			685,575		378,000
Subsidiaries			25,100		25,100
			39,042,537		31,129,998
Investment Properties			7,035,000		6,145,000
			46,077,537		37,274,998
<b>Current Assets</b>					
Debtors	9	2,733,014		2,588,947	
Cash and deposits		1,207,191		2,842,557	
		3,940,205		5,431,504	
<b>Current Liabilities</b> (due within one year)					
Creditors	10	3,163,365		2,910,338	
Dividends payable	11	857,320		749,026	
		4,020,685		3,659,364	
Net Current (Liabilities)/Assets			(80,480)		1,772,140
<b>Total Assets less Current Liabilities</b>			45,997,057		39,047,138
Creditors (due after more than one year)	12		5,000,000		5,000,000
<b>Shareholders' Funds</b>			40,997,057		34,047,138
<b>Represented by:</b>					
<b>Capital and Reserves</b>					
Share Capital					
Ordinary	13		4,286,598		4,161,648
<b>Reserves</b>	15				
Share Premium Account		16,001,025		15,217,528	
Capital Reserve		18,469,259		12,831,085	
Revaluation Reserve		1,762,044		1,087,452	
Revenue Reserve		478,131		749,425	
			36,710,459		29,885,490
			40,997,057		34,047,138

Thomson of Monifieth, Director

Angela Lascelles, Director

Thomson of Monifieth  
Angela Lascelles

13 May 1994

The notes on pages 23 to 27 form part of these accounts.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1994

	1994	1993
	£	£
<b>Operating activities:</b>		
Cash received from investments	1,403,210	1,421,105
Rental income	2,691,322	2,798,707
Interest received	170,249	233,336
Other income	135,282	59,270
Investment management fees paid	(498,401)	(302,430)
Administration fees paid	(87,192)	(88,000)
Directors' fees paid	(15,639)	(16,500)
Other cash payments	(344,383)	(243,857)
<b>Net cash inflow from operating activities</b>	<b>3,454,448</b>	<b>3,861,631</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	(2,212,500)	(2,212,500)
Dividends paid	(1,597,915)	(1,420,637)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(3,810,415)</b>	<b>(3,633,137)</b>
<b>Taxation:</b>		
Corporation tax paid	(6,876)	(129,968)
<b>Total Tax paid</b>	<b>(6,876)</b>	<b>(129,968)</b>
<b>Investing activities:</b>		
Purchase of investments	(22,143,535)	(16,122,868)
Sales of investments	19,756,019	16,078,698
<b>Net cash outflow from investing activities</b>	<b>(2,387,516)</b>	<b>(44,170)</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(2,750,359)</b>	<b>54,356</b>
<b>Financing:</b>		
Issue of Ordinary shares	(908,447)	(3,977)
Redemption of Preference Shares	-	513
<b>Net cash inflow from financing</b>	<b>(908,447)</b>	<b>(3,464)</b>
<b>(Decrease)/Increase in cash</b>	<b>(1,841,912)</b>	<b>57,820</b>
	<b>(2,750,359)</b>	<b>54,356</b>

The notes to the Consolidated Cash Flow Statement are contained in note 17.

# CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

INCORPORATING RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 1994

	1994 £	1993 £
<b>Capital profits on investments</b>		
Realised gains	3,180,916	1,793,800
Unrealised gains	5,848,209	7,793,400
	9,029,125	9,587,200
<b>Other capital transactions</b>		
Investment Managers' performance fee	(294,714)	(70,867)
<b>Non-distributable capital surplus</b>	8,734,411	9,516,333
<b>Distributable revenue surplus</b>	1,434,638	1,649,202
<b>Total recognised gains and losses</b>	10,169,049	11,165,535
<b>Issue/(repayment) of share capital</b>		
Issue of Ordinary shares	79,724	54
Exercise of warrants	828,723	3,923
Repayment of Preference shares	-	(513)
	11,077,496	11,168,999
<b>Dividends</b>		
Preference dividends	-	(13,724)
Ordinary dividends	(1,706,209)	(1,498,051)
<b>Total movement in shareholders' funds</b>	9,371,287	9,657,224
Opening shareholders' funds	39,043,798	29,386,574
<b>Closing shareholders' funds</b>	48,415,085	39,043,798

# NOTES ON THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### Basis of Preparation

These accounts are prepared in accordance with applicable accounting standards, under the historical cost convention modified to include the revaluation of investments, and in accordance with the Companies Act 1985 except that investment properties are not depreciated, as indicated in Note 8.

### Basis of Consolidation

The group accounts consolidate the accounts of Value and Income Trust plc and its wholly-owned subsidiaries made up to 31 March 1994.

The Company has taken advantage of the dispensation in the Companies Act, 1985, Sect. 230 permitting non-publication of a separate Income Account.

### Income Account

- (a) Dividends are brought into account on the date on which the shares are quoted 'ex-dividend' on the Stock Exchange.
- (b) Dividends from U.K. companies are included with the addition of the relevant tax credit.
- (c) Rents from investment properties and interest receivable are dealt with on an accruals basis.
- (d) Profits from the sale of trading properties are recognised on the completion of contract.
- (e) Interest payable and administration expenses are dealt with on an accruals basis.
- (f) Provision is made for tax deferred because of timing differences between profits as stated in the accounts and profits as computed for tax purposes to the extent it is expected tax will be payable in the foreseeable future.

### Balance Sheet

- (a) Listed investments are valued on the basis of market prices. Unlisted investments are valued by the directors on the basis of market prices, or other independent information. Unrealised gains and losses are included in Capital Reserve.
- (b) Investment properties are revalued annually by independent surveyors, and the surplus or deficit transferred to Revaluation Reserve. No depreciation or amortisation is provided on investment properties.
- (c) Realised gains and losses on the sale of investments and investment properties are transferred to Capital Reserve.
- (d) Performance fees, payable to the Investment Managers in accordance with the investment management agreement, are charged to the Capital Reserve.
- (e) Subsidiary companies are included at cost.

## 2. INCOME FROM SECURITIES

	1994 £	1993 £
<i>Dividends on:</i>		
Listed investments	1,748,496	2,060,234
Unlisted investments	42,188	32,800
	1,790,684	2,093,034

## 3. INTEREST PAYABLE

Debenture Stock	1,650,000	1,650,000
Other loan	562,500	562,500
	2,212,500	2,212,500

## 4. ADMINISTRATION EXPENSES

Auditors' remuneration - audit	11,150	9,649
- non audit	350	1,345
Directors' fees	15,639	16,500
Fee for Investment Management and Secretarial Services (see pages 16, 17 and note 15)	496,294	412,130
Property Management, irrecoverable VAT and other expenses	273,765	247,145
	797,198	686,769
Chairman's emoluments	9,000	9,000

Each other director received an amount in the band £0 to £5,000 (1993 - same)

## NOTES ON THE ACCOUNTS

5. TAX	1994	1993
	£	£
Corporation tax at 33 per cent A.C.T.	—	41,981
Tax credits on franked income	64,885	—
Deferred tax	355,402	473,701
	3,155	32,733
	423,442	548,415

A provision of £25,000 has been made for advance corporation tax on the final dividend.

### 6. INCOME AFTER TAX ATTRIBUTABLE TO:

Parent Company	1,434,915	1,634,608
Subsidiaries	(277)	14,594
	1,434,638	1,649,202

### 7. ORDINARY DIVIDENDS

Interim — 2.0p (1993 — 1.8p) paid 5 January 1994	848,889	749,025
Final — 2.0p (1993 — 1.8p) payable 6 July 1994	857,320	749,026
	1,706,209	1,498,051

### 8. INVESTMENTS

A. GROUP	Equities £	Other Securities with equity element £	Investment Properties £	Total £
Cost 31 March 1993	21,165,449	3,680,318	20,860,058	45,705,825
Unrealised appreciation/(depreciation)	6,328,999	(69,868)	5,554,942	11,814,073
Valuation at 31 March 1993	27,494,448	3,610,450	26,415,000	57,519,898
Purchases	18,997,074	1,395,663	1,705,073	22,097,810
Sales	(17,486,408)	(899,299)	(1,408,689)	(19,794,396)
Realised profits/(losses)	3,313,162	(308,270)	176,024	3,180,916
Unrealised appreciation in year	1,772,540	1,128,077	2,947,592	5,848,209
Valuation at 31 March 1994	34,090,816	4,926,621	29,835,000	68,852,437
Cost 31 March 1994	25,989,277	3,868,412	21,332,466	51,190,155
<b>B. COMPANY</b>				
Cost 31 March 1993	21,190,549	3,680,318	5,057,548	29,928,415
Unrealised appreciation/(depreciation)	6,328,999	(69,868)	1,087,452	7,346,583
Valuation at 31 March 1993	27,519,548	3,610,450	6,145,000	37,274,998
Purchases	18,997,074	1,354,205	313,509	20,664,788
Sales	(17,486,408)	(854,301)	(129,020)	(18,469,729)
Realised profits/(losses)	3,313,162	(311,810)	30,919	3,032,271
Unrealised appreciation in year	1,772,540	1,128,077	674,592	3,575,209
Valuation at 31 March 1994	34,115,916	4,926,621	7,035,000	46,077,537
Cost 31 March 1994	26,014,377	3,868,412	5,272,956	35,155,745

## NOTES ON THE ACCOUNTS

The Company has the following wholly owned subsidiary undertakings:-

	Registered in	Class of shares and percentage held
Audax Properties plc (property investment)	England & Wales	Ordinary 100.0
A.I.T. Securities Limited (investment dealing)	Scotland	Ordinary 100.0

Audax Properties plc has a wholly owned subsidiary, Audax Securities Limited which is registered in England & Wales.

Investment Properties were valued on an open market basis by Allsop and Company, Chartered Surveyors and Valuers. No depreciation or amortisation is provided on these properties as required by the Companies Act 1985. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. The directors consider that the policy adopted is necessary in order to show a true and fair view. Freehold investment properties were valued at £23,910,000 – cost £17,371,910 (1993 – £21,765,000 – cost £17,309,358) and long leasehold properties at £5,925,000 – cost £3,960,556 (1993 – £4,650,000 – cost £3,550,700).

	1994		1993	
	Group £	Company £	Group £	Company £
<b>9. DEBTORS</b>				
Sales of investments	1,873,395	1,873,395	1,835,018	1,835,018
Amount due from subsidiaries	–	386,810	–	344,044
Prepayments and accrued income	543,326	272,809	428,375	409,885
	2,416,721	2,733,014	2,263,393	2,588,947

### 10. CREDITORS (due within one year)

Purchases of investments	2,251,957	2,251,957	2,297,682	2,297,682
Corporation tax payable	151,633	151,633	90,670	83,593
Other tax payable	306,890	100,640	292,820	86,570
Accruals	374,052	121,224	414,456	103,983
Other creditors	599,484	537,911	424,014	338,510
	3,684,016	3,163,365	3,519,642	2,910,338

### 11. DIVIDEND PAYABLE

Ordinary shares – payable 6 July 1994	857,320	857,320	749,026	749,026
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### 12. CREDITORS (due after more than one year)

11% First Mortgage Debenture Stock 2021	15,000,000	–	15,000,000	–
11¼% Loan	5,000,000	5,000,000	5,000,000	5,000,000
	20,000,000	5,000,000	20,000,000	5,000,000

The debenture stock, issued by Audax Properties plc, is repayable at par and is secured over specific assets of that company.

The loan is drawn under a 35 year facility (expiring 27 September 2026) and is secured by a floating charge over the assets of the Company.

# NOTES ON THE ACCOUNTS

13. SHARE CAPITAL	Authorised		Issued and fully paid	
	1994	1993	1994	1993
	£	£	£	£
Ordinary shares of 10p	5,600,000	5,600,000	4,286,598	4,161,648
6¼% Convertible Redeemable Preference shares of £1 (Preference shares)	13,000,000	13,000,000	—	—
	18,600,000	18,600,000	4,286,598	4,161,648

A total of 65,612 Ordinary shares of 10p were allotted to participants in the VIT Savings Scheme during the year for a consideration of £79,724.

824,457 Warrants to subscribe for Ordinary shares were exercised at 30 June 1993 and a further 359,433 were exercised at 31 December 1993 for a total consideration of £828,723.

## 14. SUBSCRIPTION WARRANTS

	1994	1993
Outstanding at year end:		
1989/94 Warrants to subscribe at 70p per Ordinary share (Exercisable between 30 June 1989 and 31 December 1994).	1,313,197	2,497,087

## 15. RESERVES

### A. GROUP

	Share Premium Account £	Capital Reserve £	Revaluation Reserve £	Revenue Reserve £
Balance at previous year end	15,217,528	12,998,456	5,554,942	1,111,224
Realised gains on disposals	—	3,180,916	—	—
Unrealised gains on assets	—	2,900,617	2,947,592	—
Issue of Ordinary shares	783,497	—	—	—
Investment Managers' performance fee	—	(294,714)	—	—
Transfer from Income Account	—	—	—	(271,571)
	16,001,025	18,785,275	8,502,534	839,653

### B. COMPANY

Balance at previous year end	15,217,528	12,831,085	1,087,452	749,425
Realised gains on disposals	—	3,032,271	—	—
Unrealised gains on assets	—	2,900,617	674,592	—
Issue of Ordinary shares	783,497	—	—	—
Investment Managers' performance fee	—	(294,714)	—	—
Transfer from Income Account	—	—	—	(271,294)
	16,001,025	18,469,259	1,762,044	478,131

## 16. COMMITMENTS AND CONTINGENT LIABILITIES

There are liabilities in respect of:

	1994		1993	
	Group £	Company £	Group £	Company £
Commitments and partly paid investments	90,459	115,459	—	25,000
Underwritings and contingent liabilities	994,209	994,209	754,000	754,000
	1,084,668	1,109,668	754,000	779,000

# NOTES ON THE ACCOUNTS

## 17. CONSOLIDATED CASH FLOW STATEMENT

	1994	1993
	£	£
<b>a. Reconciliation of operating profit to net cash inflow from operating activities</b>		
Income before interest payable and tax	4,070,580	4,410,117
(Increase) in other debtors	(111,762)	(192,180)
(Decrease)/Increase in other creditors	(148,968)	117,395
Tax on franked income	(355,402)	(473,701)
	3,454,448	3,861,631
<b>b. Analysis of changes in cash and cash equivalents during the year</b>		
Balance at previous year end	3,529,175	3,471,355
Net cash (outflow)/inflow	(1,841,912)	57,820
The balance for cash and cash equivalents is shown in the balance sheet as "Cash & deposits".	1,687,263	3,529,175

## c. Analysis of changes in financing during the year

	1994		1993	
	Share Capital (Inc. Share Premium) £	Loans £	Share Capital (Inc. Share Premium) £	Loans £
Balance at previous year-end	19,379,176	20,000,000	19,375,766	20,000,000
Cash inflow from financing	908,447	-	3,410	-
	20,287,623	20,000,000	19,379,176	20,000,000

# REPORT OF THE AUDITORS

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To the members of *Value and Income Trust plc*

We have audited the accounts on pages 18 to 27, which have been prepared under the historical cost convention as modified by the revaluation of investments and on the basis of the accounting policies set out on page 23.

## Respective responsibilities of directors and auditors

As described on page 17 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

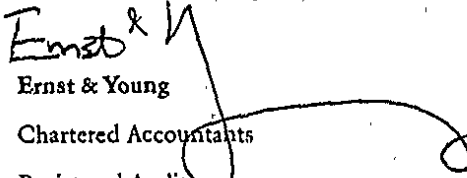
## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

## Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 March 1994 and of the results of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Chartered Accountants  
Registered Auditor  
Edinburgh

13 May 1994

# ANALYSIS OF SHAREHOLDINGS

	1994			1993		
	Number	Holding	%	Number	Holding	%
Individuals	1,144	7,771,787	18.1	898	7,081,786	17.0
Banks & Nominees	373	12,975,171	30.3	243	13,452,273	32.3
Insurance Companies	3	4,987,974	11.7	6	4,892,426	11.8
Investment & Unit Trusts	6	8,383,434	19.6	4	7,894,453	19.0
Other Companies	58	1,734,960	4.0	33	623,886	1.5
Pension Funds	4	6,491,789	15.1	4	7,141,789	17.1
Universities, Schools & Other Corporate Bodies	8	520,868	1.2	8	529,868	1.3
	1,596	42,865,983	100.0	1,196	41,616,481	100.0

## FINANCIAL DIARY

The normal timetable for the Company's financial year, which ends on 31 March will be as follows:

- May: Final dividend and preliminary results for year announced. Annual Report and Accounts published.
- June: Warrant exercise.
- July: Annual General Meeting.  
Final Dividend paid.
- October: Interim results announced.
- December: Warrant exercise.
- January: Interim dividend paid.

Interest on the Debenture Stock of Audax Properties plc is payable on 30 September and 31 March.

# NOTICE OF MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of Value and Income Trust plc will be held at 45 Charlotte Square, Edinburgh on Tuesday 5 July 1994 at 12.15pm, to transact the following business:

## Ordinary Resolutions

1. To receive the Directors' Report and Accounts for the year ended 31 March 1994.
2. To declare a final dividend.
3. To re-elect Professor J A Kay as a director.
4. To re-elect Mr J H Murray as a director.
5. Special notice having been given – "That Chiene & Tait, C.A. be appointed as auditors of the Company, in place of Ernst & Young who are not seeking re-election, and that the directors be authorised to determine their remuneration."

## Special Resolution

6. "That the directors be and are hereby empowered to allot equity securities (within the meaning of Section 94 of the Companies Act 1985), as if Section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited:
  - (a) to the allotment of equity securities in connection with a rights issue in favour of holders of Ordinary Shares (which expression shall include any holder of a Warrant or other Subscription Right who has an entitlement to have the relevant offer extended to him), where the equity securities respectively attributable to the interest of all holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them (or their notional or deemed holdings) but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or to deal with problems under the laws of, or requirements of, any recognised regulatory body or any Stock Exchange in any territory and;
  - (b) to the allotment (other than pursuant to paragraph (a) of this Resolution) of equity securities up to an aggregate nominal amount of £214,300.

and shall expire on the date of the next Annual General Meeting of the Company after the passing of this Resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."


DECLARING THAT for the purposes of the foregoing Resolution the nominal amount of equity securities carrying the right to subscribe for or convert into Shares means the nominal amount of equity securities together with the nominal amount of the Shares to be issued upon the exercise of such subscription.

45 Charlotte Square  
Edinburgh EH2 4HW  
27 May 1994

By Order of the Board

for Stewart Ivory and Company Limited

(Secretary

  
D. E. Walk

## Notes:

1. Members of the Company entitled to attend and vote at the Meeting may appoint proxies (who need not be members) to attend and vote in their place. Return of a completed form of proxy will not preclude a member from attending and voting personally at the Meeting.
2. There are no service contracts in place between the Company and any of its directors.

# FORM OF PROXY

Value and Income Trust plc

(For use by Ordinary Shareholders only)

I/We .....  
 (Block letters please)

of.....

being a member(s) of the above-named Company, hereby appoint the Chairman of the Meeting or

.....  
 as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 5 July 1994 and at any adjournment thereof.

I/We direct my/our proxy to vote as follows:

Annual General Meeting		
Resolutions	For	Against
1. To receive the Directors' Report and Accounts for the year ended 31 March 1994.		
2. To declare a final dividend		
3. To re-elect Professor J A Kay as a director		
4. To re-elect Mr J H Murray as a director		
5. To appoint the auditors and to authorise the directors to determine their remuneration.		
6. To authorise the directors to allot equity securities.		

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote or abstain from voting as he thinks fit.

Dated this ..... day of ..... 1994

Signature .....

**Notes:**

1. If it is desired to appoint any other person(s) as proxy, the words "the Chairman of the meeting or" should be struck out, and the name and address of the other person(s) inserted in block letters in the space provided. A proxy need not be a member of the Company. Any alteration or deletion must be signed or initialled.
2. In the case of a corporation this form of proxy should either be given under its seal or be signed on its behalf by an attorney or duly authorised officer. In the case of joint holders, the signature of any one of them will suffice, but the names of joint holders should be shown.
3. Use of this form of proxy does not preclude a member from attending the meeting and voting in person.
4. To be valid this form of proxy must be lodged with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, at The Registrar's Department, The Royal Bank of Scotland plc, P.O. Box 457 Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, not later than 48 hours before the time of the meeting.

Second Fold

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**THE REGISTRARS DEPARTMENT  
THE ROYAL BANK OF SCOTLAND plc  
P.O. BOX 457  
OWEN HOUSE  
8 BANKHEAD CROSSWAY NORTH  
EDINBURGH EH11 0XG**

First Fold

Third Fold and Tuck in

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If you would like further copies or details, please telephone Penelope Marchant Wink on 031 226 3271 or write to:

Stewart Ivory & Company Limited  
(a member of IMRO)  
45 Charlotte Square,  
Edinburgh EH2 4HW.